

STATE OF TENNESSEE

Office of the Attorney General



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Reply to:  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, TN 37202

December 23, 2004

Honorable Pat Miller  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

**RE: In Re: Petition of Tennessee-American Water Company for Approval of  
Change in Rates and Charges**

**Docket No. 04-00288**

Dear Chairman Miller:

Enclosed is an original and thirteen copies of the Direct Testimony of Terry Buckner of the Consumer Advocate and Protection Division of the Office of the Attorney General. Kindly file same in this docket. Copies are being sent to all parties of record. If you have any questions, kindly contact me at (615) 741-3533. Thank you

Sincerely,

A handwritten signature in black ink, appearing to read "T.C. Phillips".  
Timothy C. Phillips  
Senior Counsel

Enclosures  
cc: All Parties of Record

81196

Before the

**TENNESSEE REGULATORY AUTHORITY**

**IN RE:**

**PETITION OF TENNESSEE-AMERICAN WATER COMPANY FOR  
APPROVAL FO CHANGE IN RATES AND CHARGES**

**DOCKET NO. 04-00288**

\*\*\*\*\*

**DIRECT TESTIMONY  
OF  
TERRY BUCKNER**

\*\*\*\*\*

**December 23, 2004**

1   **Q.     Please state your name for the record.**

2   A.           My name is Terry Buckner.

3

4   **Q.     By whom are you employed and what is your position?**

5   A.           I am employed by the Consumer Advocate and Protection  
6               Division (“CAPD”) in the Office of the Attorney General for the state  
7               of Tennessee (“Office”) as a Regulatory Analyst.

8

9   **Q.     How long have you been employed in conjunction with the public**  
10   **utility industry?**

11 A.           Approximately twenty-five years. Before my current  
12 employment with the Office, I was employed by the Comptroller’s  
13 Office for the state of Tennessee for nearly two years as the Assistant  
14 Director responsible for public utility audits after approximately eight  
15 years of prior employment with the Office. Formerly, I was employed  
16 with the Tennessee Public Service Commission (“Commission”) in  
17 the Utility Rates Division as a financial analyst for approximately six  
18 years. My responsibilities included testifying before the Commission  
19 as to the appropriate cost of service for public utilities operating in  
20 Tennessee. Prior to my employment with the Commission, I was  
21 employed by TDS Telecom for eight years and the First Utility  
22 District of Knox County for three years.

1 **Q. What is your educational background and what degrees do you**  
2 **hold?**

3 A. I have a Bachelors degree in Business Administration from the  
4 University of Tennessee, Knoxville with a major in Accounting. I am  
5 also a Tennessee Certified Public Accountant and a member of the  
6 American Institute of Certified Public Accountants. Additional  
7 education background with respect to my qualifications is provided in  
8 Attachment A.

9

10 **Q. Would you briefly describe your responsibilities as a Regulatory**  
11 **Analyst with the CAPD?**

12 A. I prepare testimony and financial exhibits in rate proceedings  
13 as an employee with the CAPD. Additionally, I review tariff filings  
14 by the Tennessee Regulatory Authority ("TRA") certificated utilities  
15 operating in Tennessee.

16

17 **Q. What is the purpose of your testimony?**

18 A. The purpose of my testimony is to represent the forecasted  
19 financial exhibits prepared by the CAPD ("Exhibit CAPD-RTB") and  
20 provide my exhibit ("Exhibit CAPD Workpapers") of workpapers for  
21 forecasted Operation and Maintenance expenses (excluding  
22 depreciation), and forecasted Taxes Other Than Income for Tennessee

1 American Water Company ("TAWC") for the attrition year ended  
2 December 31, 2005.

3  
4 **Q. Please summarize the results of the CAPD forecast of TAWC's**  
5 **earnings for the attrition year.**

6 A. The CAPD forecast of TAWC's earnings for the attrition year  
7 results in a recommended \$1,530,143<sup>1</sup> decrease in rates. The CAPD  
8 forecast is based on an overall rate of return of 6.94%<sup>2</sup> as  
9 recommended by CAPD economist, Dr. Steve Brown.

10  
11 **OPERATION AND MAINTENANCE EXPENSES:**

12 **Q. Please describe your forecasting methodology for Operation and**  
13 **Maintenance Expenses.**

14 A. There are 17 Operation and Maintenance Expense categories  
15 subject to forecast in this docket. The first category is forecasted  
16 Operation and Maintenance Labor and was calculated using actual  
17 employee levels as of September 30, 2004, actual wage rates per  
18 employee, and prospective pay raises per the employee bargaining  
19 unit and TAWC's policy. The total Operation and Maintenance  
20 Labor amount was derived from the calculated total labor dollars

---

<sup>1</sup>Exhibit CAPD-RTB, Schedule 1, Line 8.

<sup>2</sup>Exhibit CAPD-RTB, Schedule 9, Line 9.

1 minus labor dollars charged to capitalization and non-utility  
2 operations. The capitalization and non-utility dollars were calculated  
3 using TAWC's actual average rate for the twelve months ended  
4 September 30, 2004.

5 In 3 categories, Regulatory Expense and Uncollectible Expense  
6 and AFUDC, the CAPD adopted TAWC's amounts as just and  
7 reasonable.

8 For 12 categories, the CAPD primarily adopted the amounts  
9 per account for the twelve months ended September 30, 2004 and  
10 grew each amount for customer growth and inflation growth. The  
11 combined growth rate from September 30, 2004 through December  
12 31, 2005 is approximately 2%.

13 For the category of Pension Expense, the CAPD adopted  
14 TAWC's funded amount but adjusted it for the actual capitalization  
15 and non-utility percentages.

16 Due to the voluminous nature of the amounts within categories  
17 and the amounts within expense accounts within each category, the  
18 CAPD will address only the significant net differences in its forecast  
19 and the forecast of TAWC.

1 **Q. What are the significant differences from TAWC in Operation**  
2 **and Maintenance Expenses for the forecasted attrition year?**

3 A. In Exhibit CAPD Workpapers, workpaper REC-1 provides a  
4 reconciliation of the differences in the calculation of Operation and  
5 Maintenance Expenses.

6 The significant differences in Operation and Maintenance  
7 Expense for the attrition year are: (1) \$699,283 in lower labor costs  
8 for the CAPD forecast; (2) \$143,614 in lower Fuel and Power  
9 Expense; (3) \$131,455 in lower Chemical Expense; and (4) \$63,059  
10 in lower Pension Expense. The total difference in Operation and  
11 Maintenance Expense is \$1,043,848 lower than the forecasted amount  
12 of TAWC.

13  
14 **Q. Please explain the differences in the calculation of Operation and**  
15 **Maintenance Labor.**

16 A. In Exhibit CAPD Workpapers, workpaper PAY-6 provides a  
17 reconciliation of the differences in the calculation of Operation and  
18 Maintenance Labor.

19  
20 The significant differences in the calculation of Operation and  
21 Maintenance Labor for union employees are:

1           (1) TAWC forecasted 85 union employees. Workpaper PAY-1  
2           provides a price out of all union employees for the attrition period.  
3           The CAPD adopted the union employee level of 74 as of September  
4           30, 2004;<sup>3</sup>

5  
6           (2) TAWC adopted an average hourly pay rate for every union  
7           employee; The CAPD utilized actual pay rates at September 30, 2004  
8           for each employee and increased in accordance with TAWC's union  
9           bargaining agreement. The forecasted overtime hours for each  
10          employee are identical to the overtime hours provided in TAWC's  
11          calculation; and

12  
13          (3) TAWC primarily adopted 2,088 working hours per  
14          employee for the attrition year. The CAPD used the standard 2,080  
15          working hours per employee for the attrition year.

16  
17          The net sum for these differences amounts to \$402,032 in  
18          excess union operation and maintenance labor as calculated by  
19          TAWC.

20  
21  

---

<sup>3</sup>TAWC revised response to CAPD First Set of Discovery, Question 14.



1           Workpapers PAY-2 and PAY-3 provide the price out of all  
2           non-union and salaried employees. There are no significant  
3           differences between these amounts and the forecasted amounts  
4           provided by TAWC.

5  
6           While “[T]he Company is requesting a level of 106 employees  
7           in this case,”<sup>4</sup> per their direct testimony, TAWC has only 95  
8           employees as of September 30, 2004.<sup>5</sup> Secondly, TAWC’s price out  
9           of Operation and Maintenance Labor for their financial exhibits  
10          includes 107 employees. As a result, there is a disagreement as to  
11          what the actual employee level for operating TAWC should be.  
12          Similar circumstances were found in Indiana-American Water  
13          Company’s petition to increase rates before the Indiana Utility  
14          Regulatory Commission (“IURC”) in Cause No. 42520 dated  
15          November 18, 2004. The IURC found:

16                 we cannot accept that these positions are necessary  
17                 for providing utility service, given the length of  
18                 time they were vacant.<sup>6</sup>  
19

20          Additionally, the Staff of the West Virginia Public Service

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<sup>4</sup>M. Miller direct testimony, Page 14, Lines 16-17.

<sup>5</sup>TAWC response to CAPD First Set of Discovery, Question 12.

<sup>6</sup>IURC Cause No. 42520, Page 82.

1 Commission recommended a disallowance of eight vacant positions.<sup>7</sup>  
2 Consequently, there appears to be a pattern of petitioning for funding  
3 by the American Water Companies for vacant positions in their cost  
4 of service. Further, in TAWC's last rate proceeding, an employee  
5 level of 119<sup>8</sup> was included in TRA Order in Docket #03-00118 dated  
6 June 25, 2004. Yet, almost immediately after the TRA Order was  
7 approved, TAWC cut the number of employee positions from 123 at  
8 the end of June 2003 to 108 at the end of July 2003, a cut of 15  
9 employee positions.<sup>9</sup> This systematic bloating of employee levels by  
10 TAWC should not be allowed.

11  
12 Therefore, it is the CAPD's contention that the forecast of  
13 Operation and Maintenance Labor should be based on a known and  
14 measurable employee level and not a speculative employee level.

15  
16 TAWC has included \$105,157 in its forecast of Operations and  
17 Maintenance Labor for "incentive payroll."<sup>10</sup> The incentive payroll is  
18 based on three performance goals: (1) Financial; (2) Operational; and

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<sup>7</sup>Public Service Commission of West Virginia Case No. 03-0353-W-42T, Page 32.

<sup>8</sup>M. Miller direct testimony, Page 14, Lines 17-18.

<sup>9</sup>TAWC response to CAPD First Set of Discovery, Question 12.

<sup>10</sup>TAWC response to CAPD First Set of Discovery, Question 16.

1 (3) Individual.<sup>11</sup> The majority of the incentive payroll is based on the  
2 financial operating results of TAWC. Under the incentive plan,  
3 TAWC increases the compensation to its employees for increasing  
4 TAWC's regulated earnings. Because there is no mechanism under  
5 the incentive plan for TAWC's ratepayers to share in these increased  
6 earnings, TAWC's employees and shareholders will reap all of the  
7 financial rewards of these higher earnings. Additionally, ratepayers  
8 are the sole source of TAWC's regulated earnings; therefore, the  
9 incentive plan is a circular one whose success is built into this docket,  
10 rewarding TAWC's employees and shareholders for merely  
11 increasing water rates charged to ratepayers. Also, it is a "crude"<sup>12</sup>  
12 method of measuring specific accomplishments of employees.  
13 Additionally, there are years when an accrual for incentive pay  
14 expense occurs, but in fact, may not be paid due to TAWC's failure to  
15 reach their performance goals.<sup>13</sup> For these reasons, there is no  
16 reasonable basis to charge the cost of this incentive plan to  
17 ratepayers, as all of the plan benefits will inure entirely to TAWC's  
18 employees and shareholders and all of the plan's burden will be  
19 charged directly to ratepayers. As a result, this amount has been

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<sup>11</sup>TAWC response to TRA Data Request #36.

<sup>12</sup>CAPD Exhibit, Washington Utilities Commission Docket No. UT-950200, Page 49.

<sup>13</sup>TAWC response to TRA Discovery, Question 36.

1 excluded and should be borne solely by TAWC's shareholders.

2  
3 Workpapers PAY-4 and PAY-5 provide the latest twelve  
4 month average percentages of payroll charged to capitalization and  
5 non utility operations. By its own admission, the payroll percentage  
6 amount used by TAWC in its attrition year forecast is "incorrect."<sup>14</sup>  
7 Consequently, the Operation and Maintenance Labor forecasted by  
8 TAWC is overstated due to the incorrect payroll percentage by  
9 \$196,541.

10  
11 In summary, Operation and Maintenance Labor as forecasted  
12 by TAWC for the attrition year is overstated by \$699,283.

13  
14 **Q. Please explain the differences in the calculation of Fuel and**  
15 **Power Expense.**

16 A. In Exhibit CAPD Workpapers, workpaper E-FP0 provides a  
17 summary of the differences in the calculation of Fuel and Power  
18 Expense. Workpapers E-FP1 and E-FP2 provide the TAWC recorded  
19 monthly amounts for the last 33 months ended September 30, 2004.  
20 Additionally, a rolling twelve month amount of actual TAWC  
21 amounts are shown. At no time, does the twelve month amount of

---

<sup>14</sup>TAWC revised response to CAPD First Set of Discovery, Question 37.

1 Fuel and Power Expense approximate the forecasted amount of  
2 TAWC. The forecasted attrition year TAWC amount is a 15%  
3 increase over the test year ended March 31, 2004. While TAWC  
4 contends that the increase is “due to an increase in overall system  
5 delivery,”<sup>15</sup> the amount of the increase is unreasonable and cannot be  
6 substantiated by known historical data. TAWC has indicated through  
7 discovery only a 1.5% increase in consumption over the same time  
8 period.<sup>16</sup> Yet, TAWC’s forecast of Fuel and Power Expense cannot  
9 be attributed to a substantial increase in water consumption forecasted  
10 for the attrition year. Therefore, \$143,614 is excluded from the  
11 TAWC attrition year amount.

12  
13 **Q. Please explain the differences in the calculation of Chemicals**  
14 **Expense.**

15 A. In Exhibit CAPD Workpapers, workpaper E-CHEM0 provides  
16 a summary of the differences in the calculation of Chemicals  
17 Expense. Workpaper E-CHEM1 provides the TAWC recorded  
18 monthly amounts for the last 33 months ended September 30, 2004.  
19 Additionally, a rolling twelve month amount of actual TAWC  
20 amounts are shown. Again, at no time, does the twelve month

---

<sup>15</sup>P. Diskin direct testimony, Page 10, Lines 8-9.

<sup>16</sup>TAWC response to CAPD Second Set of Discovery, Question 62.

1 amount of Chemical Expense approximate the forecasted amount of  
2 TAWC. The forecasted attrition year TAWC amount is a 19%  
3 increase over the test year ended March 31, 2004. Moreover, while  
4 TAWC contends that this is "due to the increase in system delivery,"<sup>17</sup>  
5 the amount of the increase is unreasonable and cannot be  
6 substantiated by known historical data. Once again, TAWC has  
7 indicated through discovery only a 1.5% increase in consumption  
8 over the same time period. Yet, TAWC's forecast of Chemical  
9 Expense cannot be attributed to a substantial increase in water  
10 consumption forecasted for the attrition year. Therefore, \$131,455 is  
11 excluded from the TAWC attrition year amount.

12  
13 **Q. Please explain the differences in the calculation of Pension**  
14 **Expense.**

15 A. The CAPD has adopted the Pension funding amount as  
16 prescribed in the latest actuarial report filed by TAWC. Historically,  
17 in Tennessee, only actual pension contributions have been recognized  
18 for setting rates. Please note the following examples:

19	Tennessee-American Water Company	U-87-07534	Mar. 1988
20	Tennessee-American Water Company	89-15388	May 1990
21	Tennessee-American Water Company	91-05224	Dec. 1991
22	Tennessee-American Water Company	96-00959	Oct. 1996
23	Chattanooga Gas Company	U-87-07531	Apr. 1989

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<sup>17</sup>P. Diskin direct testimony, Page 10, Line 20.

1	Chattanooga Gas Company	91-05224	Dec.1991
2	Nashville Gas Company	U-87-07499	Apr. 1987
3	Nashville Gas Company	89-10491	Nov.1989
4	Nashville Gas Company	91-02636	Nov.1991
5	Nashville Gas Company	94-01054	Oct.1994
6	United Cities Gas Company	89-10017	Nov. 1989
7	United Cities Gas Company	92-02987	Sep. 1992
8	Kingsport Power Company	90-05735	Dec. 1990
9	Kingsport Power Company	92-04425	Nov. 1992
10	Tellico Telephone Company	91-09061	Feb. 1992
11	Tennessee Telephone Company	91-09062	Feb. 1992
12	Concord Telephone Company	91-09063	Feb. 1992

13

14           However, a subsequent report is due by the actuary to TAWC

15           after the testimony due date and the funding amount prescribed in that

16           report should be considered by the TRA in this docket. At this time,

17           TAWC's pension expense amount is overstated by \$63,059 due to the

18           their utilization of an incorrect capitalization rate.

19

20   **TAXES OTHER THAN INCOME:**

21   **Q.   What are the significant differences from TAWC in Taxes Other**

22   **Than Income for the forecasted attrition year?**

23   **A.**In Exhibit CAPD Workpapers, workpaper REC-2 provides a

24           reconciliation of the differences in the calculation of Taxes Other

25           Than Income.

26           The significant differences in Taxes Other Than Income for the

27           attrition year are: (1) \$203,629 in lower Property Taxes for the CAPD

28           forecast; (2) \$225,739 in lower Gross Receipts Taxes; and (3)

1       \$53,707 in lower Payroll Taxes. The total difference amounts to  
2       \$483,075.

3  
4   **Q. Please explain the differences in the calculation of Property**  
5   **Taxes.**

6   A.       In Exhibit CAPD Workpapers, workpaper T-OTAX1 provides  
7       a historical summary of property taxes paid by TAWC, their gross  
8       assessment values, their composite tax rate, and their reported rate  
9       base amounts. This schedule reflects a decline in the property taxes  
10      due by TAWC for the years 2001-2003. However, the gross  
11      assessment value for the year 2004 indicates a slight increase.  
12      Consequently, the forecasted tax amount for 2004 is \$2.3 million,  
13      which is based on the actual gross assessment value at the 2003  
14      composite tax rate. The forecast of the 2005 tax amounts to \$2.3  
15      million and is based on a relatively flat rate base even though TAWC  
16      forecasts a small decline in rate base.

17           As shown on their workpaper, TAWC has forecasted  
18      \$2,503,629 in property taxes for the year 2005. This amount is based  
19      on an estimated annual equalized assessment increase of nearly 9%.  
20      Even though, TAWC's gross assessment value has increased only  
21      3.3% over the past five years. Additionally, TAWC's unprecedented  
22      increase in gross assessment values is out of step with its forecasted



1 rate base, where TAWC projects a slight decline.

2 Therefore, TAWC's forecast of property taxes is not indicative  
3 of historical amounts or their incremental changes and should be  
4 rejected by the TRA .

5  
6 **Q. Please explain the differences in the calculation of Gross Receipts**  
7 **Taxes.**

8 A. In Exhibit CAPD Workpapers, workpaper T-OTAX2 provides  
9 a reconciliation of Other General Taxes for the attrition year. Other  
10 General Taxes primarily consists of State Franchise Tax, State Gross  
11 Receipts Tax and the TRA Inspection Fee. TAWC indicated through  
12 discovery that the Other General Tax amount of \$615,544, as shown  
13 on Exhibit No. 2, Schedule 5, Page 1 of 1 was incorrect.<sup>18</sup>  
14 Additionally, TAWC's workpaper states that the Other General Taxes  
15 amount should be \$886,846. It is unknown what the specific tax  
16 make-up was for the original \$615,544 amount. Based on the  
17 \$886,846 per TAWC's workpaper, there is a difference in the amount  
18 of Gross Receipt Tax of \$225,739. The CAPD forecasted amount is  
19 based on the actual Gross Receipts Tax Return amount of \$340,856 as  
20 filed with the Tennessee Department of Revenue.<sup>19</sup> This return is for

---

<sup>18</sup>TAWC response to CAPD First Set of Discovery, Question 17.

<sup>19</sup>TAWC response to TRA Discovery, Question 46a.

1 the tax period July 1, 2004 through June 30, 2005. However, there  
2 should be no significant change in TAWC's Gross Receipts Tax  
3 Return for next year.

4 TAWC's forecasted Gross Receipts Tax is contrary to their  
5 own filed tax reports and proper accounting treatment. Therefore, it  
6 should not be adopted by the TRA.

7  
8 **Q. Please explain the differences in the calculation of Payroll Taxes.**

9 A. In Exhibit CAPD Workpapers, workpaper T-OTAX3 provides  
10 a comparative summary of the differences in the calculation of  
11 Payroll Taxes.

12 The workpaper indicates lower payroll taxes of \$53,707. This  
13 variance is primarily due to the differing employee levels and  
14 capitalization rates as previously alluded to in my discussion of the  
15 Operation and Maintenance Labor.

16  
17 **Q. Please summarize the comparison of the forecasts of TAWC and**  
18 **CAPD.**

19 A. First of all, TAWC is asking the TRA for an 8% increase in  
20 Operation and Maintenance Expenses. According to TAWC, the  
21 "primary" reasons for the increase are "pension expense and

1 production costs.”<sup>20</sup> The CAPD has in large part adopted in its  
2 forecast the requested funding for the pension plan as calculated by  
3 TAWC’s actuary. The CAPD forecast calculated operation and  
4 maintenance labor based on TAWC’s employment level at September  
5 30, 2004 and adopted historical reported amounts for the majority of  
6 the other expense categories. The result of using TAWC’s actual  
7 employees, TAWC’s pension funding, and TAWC’s actual historical  
8 expense amounts is a 1.25% increase over the test period. In fact, the  
9 CAPD forecast methodology exceeded TAWC’s forecast in 5 of the  
10 17 expense categories: Despite these facts, TAWC’s forecast of  
11 operation and maintenance expense is \$1,043,848 greater than the  
12 CAPD’s forecast. Therefore, the CAPD petitions the TRA to adopt  
13 its forecast of operation and maintenance expense and deny TAWC’s  
14 forecast as unjust and unreasonable for the ratepayers.

15 Secondly, TAWC’s forecast of Taxes Other Than Income  
16 is \$483,075 greater than the CAPD forecast and therefore should be  
17 rejected as inconsistent with its own tax reporting and empirically  
18 flawed.

19 Finally, there is a difference in the gross revenue conversion  
20 factor. TAWC’s factor wrongly includes the state Gross Receipts Tax  
21 rate and the wrong state Excise Tax rate. Using TAWC’s factor

---

<sup>20</sup>M. Miller direct testimony, Page 10, Lines 13-14.

1 inflates their Revenue Deficiency<sup>21</sup> by approximately \$61,000.

2

3 **Q. What is TAWC currently earning?**

4 A. The September 2004 TRA 3.06 surveillance report is included  
5 in my exhibits. TAWC's reports a 6.94%<sup>22</sup> rate of return for the  
6 twelve months ended September 2004. Coincidentally, TAWC's  
7 reported return is identical to the return recommended by Dr. Brown.  
8 It is the CAPD's contention that TAWC's reported return is  
9 prospectively understated due to the one time inclusion of employee  
10 severance payments, abnormally high uncollectible expense,  
11 excessive accrual of taxes other than income, stunted water  
12 consumption, and a higher than forecasted rate base.

13 Also, in TRA Docket #03-00118, the 2003 rate filing of  
14 TAWC, the TRA authorized a revenue increase of \$2,745,274. This  
15 increase resulted in an average rate increase of 9.48% for water  
16 service. In this docket, TAWC requests an additional revenue  
17 increase of \$1,970,887, which, if granted, would cause an average  
18 rate increase of 6% for water service. Based on the sum of the two  
19 rate filings by TAWC, Chattanooga ratepayers would see an average  
20 increase of 15.5% in less than two years. Additionally, some classes

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<sup>21</sup>Exhibit CAPD-RTB, Schedule 1, Line 8.

<sup>22</sup>Page 2, Line 42.

1 of ratepayers, including residential customers, may see their rates  
2 increase substantially above the 15.5% average if the TRA approves  
3 TAWC's request to shift the City of Chattanooga's portion of fire  
4 hydrant costs to other ratepayers.

5 Therefore, a rate increase to TAWC is unwarranted and their  
6 petition to increase rates should be denied by the TRA.

7

8 **Q. Does this conclude your testimony?**

9 A. Yes, it does.

10

11

12

13

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22

**Attachment A**

**Terry Buckner**

**Regulatory Analyst**

**Office of the Attorney General for the State of Tennessee**

**Consumer Advocate & Protection Division**

**Additional Education Background:**

Cost Separations School, **United States Telephone Association, San Diego**

Rate Case School, **Arthur Andersen LLP, Chicago**

Telecommunications Conference, **University of Georgia, Athens**

Micro-Computer Training, **University of Wisconsin, Madison**

NARUC Conference, **Michigan State University, Lansing**

Management Training Seminar, **Vanderbilt University**

Interstate Access Settlements, **National Exchange Carrier Association**

SEARUC Conferences, **Birmingham, AL and Charleston, S.C.**

Telephone Plant Accounting Program, **Ernst and Young LLP, Atlanta**

NARUC Subcommittee on Accounting & Finance, **San Antonio**

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
AT NASHVILLE, TENNESSEE

IN RE:

PETITION OF TENNESSEE-AMERICAN WATER COMPANY FOR  
APPROVAL OF CHANGE IN RATES AND CHARGES

DOCKET NO. 04-00288

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AFFIDAVIT

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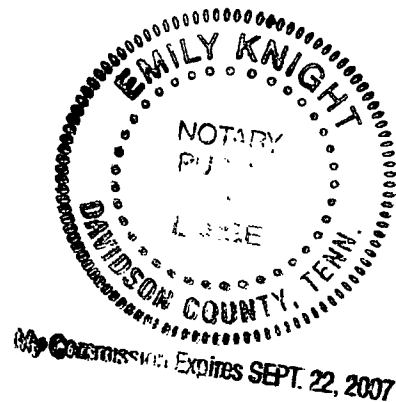
I, Terry Buckner, Regulatory Analyst, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

  
TERRY BUCKNER

Sworn to and subscribed before me  
this 23 day of Dec., 2004.

  
NOTARY PUBLIC

My commission expires: Sept. 22, 2007



Before the

TENNESSEE REGULATORY AUTHORITY

IN RE:

**PETITION OF TENNESSEE-AMERICAN WATER COMPANY FOR  
APPROVAL FO CHANGE IN RATES AND CHARGES**

**DOCKET NO. 04-00288**

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**EXHIBITS  
OF  
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**December 23, 2004**

RECEIVED  
2004 DEC 23 PM 1:54  
T.R.A. DOCKET ROOM



Tennessee-American Water  
Index to Schedules  
For the 12 Months Ending December 31, 2005

	<u>Schedule No</u>
Revenue Deficiency	1
Comparative Rate Base	2
Income Statement at Current Rates	3
Income Statement at Proposed Rates	4
Operation & Maintenance Expenses	5
Taxes Other Than Income Taxes	6
Excise and Income Taxes	7
Revenue Conversion Factor	8
Cost of Capital	9

Tennessee-American Water  
Revenue Deficiency  
For the 12 Months Ending December 31, 2005

Line No		CAPD		Company		Difference
1	Rate Base	87,611,390	A/	87,611,390	A/	-
2	Operating Income at Present Rates	7,017,004	B/	5,846,425	B/	1,170,579
3	Earned Rate of Return (Line 2/Line 1)	8.01%		6.67%		1.34%
4	Cost of Capital	6.94%	C/	7.997%	E/	-1.06%
5	Required Operating Income (Line 1*Line 4)	6,080,230		7,006,283		(926,052)
6	Operating Income Deficiency (Line 5-Line 2)	(936,774)		1,159,858		(2,096,632)
7	Gross Revenue Conversion Factor	1.633418	D/	1.69890763	E/	(0.065490)
8	Revenue Deficiency (Line 6*Line 7)	<u>(1,530,143)</u>		<u>1,970,491</u>		<u>(3,500,635)</u>

A/ Schedule 2  
B/ Schedule 3  
C/ Schedule 9  
D/ Schedule 8  
E/ Diskin REVISED Exhibit 1, Schedule 1

Tennessee-American Water  
Comparative Rate Base  
For the 12 Months Ending December 31, 2005

Line No		CAPD	A/	Company	A/	Difference
1	Utility Plant in Service	160,157,718		160,157,718		-
2	Construction Work in Progress	801,659		801,659		-
3	Utility Plant Capital Lease	1,590,500		1,590,500		-
4	Limited-Term Utility Plant - Net	(3,270)		(3,270)		-
5	Working Capital	1,385,205		1,385,205		-
6	Def Maint	5,641		5,641		-
7	Total Additions	163,937,453		163,937,453		-
8	Accumulated Depreciation	51,928,414		51,928,414		-
9	Accumulated Amort of Utility Capital Lease	742,234		742,234		-
10	Accumulated Deferred Income Taxes	13,486,419		13,486,419		-
11	Customer Advances for Construction	2,432,851		2,432,851		-
12	Contributions In Aid of Construction	7,765,092		7,765,092		-
13	Unamortized Investment Tax Credit	45,733		45,733		-
14	RWIP	(74,680)		(74,680)		-
15	Total Deductions	76,326,063		76,326,063		-
16	Rate Base	87,611,390		87,611,390		-

A/ Company Exhibit 1, Sch 2

Tennessee-American Water  
Income Statement at Current Rates  
For the 12 Months Ending December 31, 2005

Line No		CAPD		Company		Difference
1	Operating Revenues	33,057,417	A/	33,057,417	A/	-
2	Operations and Maintenance Expense	15,665,511	B/	16,709,359	B/	(1,043,848)
3	Depreciation and Amortization Expense	4,558,016	C/	4,558,016	C/	-
4	Taxes Other Than Income	3,245,204	D/	3,456,977	G/	(211,773)
5	State Excise Tax	206,221	E/	378,505	H/	(172,284)
6	Federal Income Tax	2,394,251	E/	2,136,926	H/	257,325
7	Total Operating Expense	26,069,204		27,239,783		(1,170,579)
8	AFUDC	28,791	F/	28,791	F/	-
9	Net Operating Income for Return	7,017,004		5,846,425		1,170,579

A/ Company Exhibit 2, Sch 2

B/ Schedule 5

C/ Company Exhibit 2, Sch 1

D/ Schedule 6

E/ Schedule 7

F/ Company Exhibit 2, Sch 3

G/ Company Exhibit 2, Sch 1, but does not tie to Company's supporting workpapers (See Sch 6)

H/ Company Exhibit 2, Sch 6

Tennessee-American Water  
Income Statement at Proposed Rates  
For the 12 Months Ending December 31, 2005

Line No		Current Rates	A/ B/	Adjustments	C/	Proposed Rates
1	Operating Revenues	32,522,732	B/	(1,530,143)		30,992,589
2	Forfeited Discount Revenues	534,685	B/	(25,706)		508,979
3	Total Revenues	33,057,417		(1,555,850)		31,501,567
4	Operations and Maintenance Expense	15,665,511		(14,469)		15,651,042
5	Depreciation and Amortization Expense	4,558,016				4,558,016
6	Taxes Other Than Income	3,245,204				3,245,204
7	State Excise Tax	206,221		(100,190)		106,031
8	Federal Income Tax	2,394,251		(504,417)		1,889,835
9	Total Operating Expense	26,069,204				25,450,128
10	AFUDC	28,791				28,791
11	Net Operating Income for Return	7,017,004				6,080,230

A/ Schedule 3

B/ Company Exhibit 2, Sch 2

C/ Schedule 1, Line 8 x appropriate factor from Schedule 8

Tennessee-American Water  
Operation & Maintenance Expenses  
For the 12 Months Ending December 31, 2005

Line No		CAPD	A/	Company	B/	Difference
1	Salaries and Wages	3,684,600		4,383,883		(699,283)
2	Purchased Water	26,148		15,330		10,818
3	Fuel and Power	1,612,066		1,755,680		(143,614)
4	Chemicals	730,406		861,861		(131,455)
5	Waste Disposal	118,201		133,438		(15,237)
6	Management Fees	3,219,932		3,062,940		156,992
7	Group Insurance	1,339,248		1,386,004		(46,756)
8	Pensions	829,731		892,790		(63,059)
9	Regulatory Expense	58,000		58,000		-
10	Insurance Other Than Group	673,430		657,000		16,430
11	Customer Accounting	550,236		572,893		(22,657)
12	Uncollectible Expense	289,530		289,530		-
13	Rents	37,888		38,286		(398)
14	General Office Expense	208,057		193,122		14,935
15	Miscellaneous Expense	1,715,487		1,661,970		53,517
16	Other Maintenance Expense	<u>572,551</u>		<u>-746,632</u>		<u>(174,081)</u>
17	Total O&M Expense	<u>15,665,511</u>		<u>16,709,359</u>		<u>(1,043,848)</u>

A/ CAPD Workpapers

B/ Company Exhibit 2, Sch 3

Tennessee-American Water  
Taxes Other Than Income Taxes  
For the 12 Months Ending December 31, 2005

Line No		CAPD		Company	D/	Difference
1	Other General Taxes	900		900		-
2	Gross Receipts Tax	340,856	A/	566,595		(225,739)
3	TRA Inspection Fee	59,413		59,413		-
4	Property Taxes	2,300,000	B/	2,503,629		(203,629)
5	Franchise Tax	259,938		259,938		-
6	FICA Taxes	277,618	C/	332,999		(55,381)
7	Unemployment Taxes	6,479	C/	4,805		1,674
8	Total Taxes Other Than Income Taxes	<u>3,245,204</u>		<u>3,728,279</u>		<u>(483,075)</u>

A/ CAPD Workpaper T-OTAX2

B/ CAPD Workpaper T-OTAX1

C/ CAPD Workpaper T-OTAX3

D/ Company Exhibit 2, Sch 5 adjusted by Company Response to CAPD Data Request #17

Tennessee-American Water  
Excise and Income Taxes  
For the 12 Months Ending December 31, 2005

Line No		Attrition Amount A/	
1	Operating Revenues	33,057,417	B/
2	Salaries and Wages	3,684,600	
3	Purchased Water	26,148	
4	Fuel and Power	1,612,066	
5	Chemicals	730,406	
6	Waste Disposal	118,201	
7	Service Company Charges	3,219,932	
8	Group Insurance	1,339,248	
9	Pensions	829,731	
10	Regulatory Expense	58,000	
11	Insurance Other Than Group	673,430	
12	Customer Accounting	550,236	
13	Uncollectible Expense	289,530	
14	Rents	37,888	
15	General Office Expense	208,057	
16	Miscellaneous Expense	1,715,487	
17	Other Maintenance Expense	572,551	
18	Depreciation and Amortization Expense	4,558,016	
19	Taxes Other Than Income	3,245,204	
20	NOI Before Excise and Income Taxes	9,588,686	
21	AFUDC	28,791	
22	Interest Expense	(3,172,584)	C/
23	Pre-tax Book Income	6,444,893	
24	Schedule M Adjustments	(4,479,690)	D/
25	Excise Taxable Income	1,965,203	
26	Excise Tax Rate	6 00%	
27	Excise Tax Payable	117,912	
28	Excise Tax Deferred	88,309	
29	Excise Tax Expense	206,221	
30	Pre-tax Book Income	6,444,893	
31	Preferred Dividend Credit	(28,824)	E/
32	Excise Tax	(206,221)	
33	Schedule M Adjustments	(4,479,690)	D/
34	FIT Taxable Income	1,730,158	
35	FIT Rate	35 00%	
36	Federal Income Tax Payable	605,555	
37	ITC Amortization	(76,368)	
38	Federal Income Tax Deferred	1,865,064	
39	Federal Income Tax Expense	2,394,251	

A/ Schedule 5

B/ Schedule 4

C/ Schedule 1, line 1 \* Weighted Cost of Debt per Schedule 9

D/ This is the net difference of the Permanent Differences of \$2,950 and the Temporary Differences of \$4,482,640 shown on E/

E/ Exhibit No 2, Schedule 6, Page 2 of 2



Tennessee-American Water  
Revenue Conversion Factor  
For the 12 Months Ending December 31, 2005

Line No		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1 000000
2	Add Forfeited Discounts	0 0168 A/	<u>0 016800</u>
3	Balance		1 016800
4	Uncollectible Ratio	0 0093 B/	<u>0 009456</u>
5	Balance		1 007344
6	State Excise Tax	0 0650 C/	<u>0 065477</u>
7	Balance		0 941866
8	Federal Income Tax	0 3500 C/	<u>0 329653</u>
9	Balance		<u>0 612213</u>
10	Revenue Conversion Factor (Line 1 / Line 11)		<u><u>1 633418</u></u>

A/ Company Exhibit 2, Sch 2 (\$534,685/\$31,840,192)

B/ Company Workpapers

C/ Statutory Rate

Tennessee-American Water  
Cost of Capital  
For the 12 Months Ending December 31, 2005

Line No	Parent	Ratio	Cost	Weighted Cost	Tax Deductible
1	Short Term Debt	6 21%	2 40%	0 15%	0 12%
2	Long Term Debt	41 65%	6 00%	2 50%	2 02%
3	Preferred Equity	0 37%	5 00%	0 02%	
4	Common Equity	51 77%	7 90%	4 09%	
5	Total	<u>100 00%</u>		<u>6.76%</u>	

	Tennessee American	Ratio	Cost	Weighted Cost	
6	Short Term Debt	0 00%	0 00%	0 00%	
7	Long Term Debt	19 20%	7 71%	1 48%	1 48%
8	Common Equity	80 80%	6 76%	5 46%	
9	Total	<u>100 00%</u>		<u>6.94%</u>	<u>3.62%</u>

Final Capital Structure

	Parent	Ratio	Cost	Weighted Cost	Tax Deductible
10	Short Term Debt	5 02%	2 40%	0 12%	0 12%
11	Long Term Debt	33 65%	6 00%	2 02%	2 02%
12	Preferred Equity	0 30%	5 00%	0 02%	
13	Common Equity	41 83%	7 90%	3 31%	
	Total Parent	80 80%	6.76%	5 46%	
	Tennessee American				
14	Short Term Debt	0 00%	0 00%	0 00%	0 00%
15	Long Term Debt	19 20%	7 71%	1 48%	1 48%
16	Total Subsidiary	19 20%	7 71%	1 48%	
17	Total	<u>100 00%</u>		<u>6.94%</u>	<u>3.62%</u>

Source Exhibit CAPD-SB, Schedules 37 and 38

TENNESSEE - AMERICAN WATER COMPANY  
TRA DOCKET #04-00288  
INDEX OF WORKPAPERS

LINE	WORKPAPER DESCRIPTION	WORKPAPER #
1	Attrition Year Operating Expense Reconciliation	REC-1
2	Attrition Year Other Operating Tax Reconciliation	REC-2
3	Union Wages	PAY-1
4	Non-Union Wages	PAY-2
5	Salary Wages	PAY-3
6	Capitalized Wages	PAY-4
7	Non-Utility Wages	PAY-5
8	<b>Total Operations &amp; Maintenance Labor</b>	PAY-6
9	<b>Summary of Purchased Water</b>	E-PW0
10	Purchased Water Expense Account #510100	E-PW1
11	<b>Summary of Fuel &amp; Power Expense</b>	E-FP0
12	Fuel & Power Expense Account #515100	E-FP1
13	Fuel & Power Expense Account #515200	E-FP2
14	<b>Summary of Chemicals Expense</b>	E-CHEM0
15	Chemicals Expense Account #518000	E-CHEM1
16	<b>Summary of Waste Disposal</b>	E-WD0
17	Waste Disposal Expense Account #511100	E-WD1
18	<b>Summary of Management Fees</b>	E-MNGT0
19	Management Fee Expense Account #534000	E-MNGT1
20	Management Fee Expense Account #534080	E-MNGT2
21	Management Fee Expense Account #534081	E-MNGT3
22	Management Fee Expense Account #534140	E-MNGT4
23	Management Fee Expense Account #534150	E-MNGT5
24	Management Fee Expense Account #534190	E-MNGT6
25	Management Fee Expense Account #534200	E-MNGT7
26	Management Fee Expense Account #534210	E-MNGT8
27	Management Fee Expense Account #534213	E-MNGT11
28	Management Fee Expense Account #534214	E-MNGT12
29	Management Fee Expense Account #534250	E-MNGT13
30	Management Fee Expense Account #534290	E-MNGT15
31	Management Fee Expense Account #534560	E-MNGT17
32	Management Fee Expense Account #534141	E-MNGT20
33	<b>Summary of Group Insurance</b>	E-GI0
34	Group Insurance Expense Account #504100	E-GI1
35	Group Insurance Expense Account #505100	E-GI2

**TENNESSEE - AMERICAN WATER COMPANY**  
**TRA DOCKET #04-00288**  
**INDEX OF WORKPAPERS**

<b>LINE</b>	<b>WORKPAPER DESCRIPTION</b>	<b>WORKPAPER #</b>
1	<b>Summary of Pensions</b>	E-PENS0
2	Pension Expense Account #506100	E-PENS1
3	Pension Expense Account #504300	E-PENS2
4	<b>Summary of Regulatory Expense</b>	E-REG0
5	Regulatory Expense Account #566100	E-REG1
6	Regulatory Expense Account #566200	E-REG2
7	<b>Summary of Insurance Other than Group</b>	E-OI0
8	Other Insurance Expense Account #557000	E-OI2
9	Other Insurance Expense Account #558000	E-OI3
10	Other Insurance Expense Account #559000	E-OI4
11	<b>Summary of Customer Accounting</b>	E-CA0
12	Customer Accounting Expense Account #520100	E-CA1
13	Customer Accounting Expense Account #575000	E-CA3
14	Customer Accounting Expense Account #575100	E-CA4
15	Customer Accounting Expense Account #575200	E-CA5
16	Customer Accounting Expense Account #575320	E-CA6
17	Customer Accounting Expense Account #575500	E-CA7
18	Customer Accounting Expense Account #575620	E-CA8
19	Customer Accounting Expense Account #575660	E-CA9
20	Customer Accounting Expense Account #575740	E-CA10
21	Customer Accounting Expense Account #575820	E-CA11
22	Customer Accounting Expense Account #534000	E-CA12
23	Customer Accounting Expense Account #575420	E-CA13
24	Customer Accounting Expense Account #575741	E-CA14
25	<b>Summary of Uncollectible Expense</b>	E-UNC0
26	Uncollectible Accounts Expense Account #570100	E-UNC1
27	<b>Summary of Rents</b>	E-RENT0
28	Rent Expense Account #541000	E-RENT2
29	Rent Expense Account #541400	E-RENT3

TENNESSEE - AMERICAN WATER COMPANY  
TRA DOCKET #04-00288  
INDEX OF WORKPAPERS

LINE	WORKPAPER DESCRIPTION	WORKPAPER #
1	<b>Summary of General Office</b>	E-GO0
2	General Office Expense Account #520100	E-GO1
3	General Office Expense Account #575002	E-GO3
4	General Office Expense Account #575100	E-GO4
5	General Office Expense Account #575260	E-GO5
6	General Office Expense Account #575280	E-GO6
7	General Office Expense Account #575320	E-GO8
8	General Office Expense Account #575340	E-GO9
9	General Office Expense Account #575351	E-GO10
10	General Office Expense Account #575420	E-GO11
11	General Office Expense Account #575480	E-GO12
12	General Office Expense Account #575500	E-GO13
13	General Office Expense Account #575620	E-GO14
14	General Office Expense Account #575660	E-GO15
15	General Office Expense Account #575740	E-GO16
16	General Office Expense Account #575830	E-GO18
17	General Office Expense Account #575850	E-GO19
18	General Office Expense Account #575342	E-GO20
19	General Office Expense Account #575741	E-GO21
20	General Office Expense Account #575261	E-GO22
21	<b>Summary of Miscellaneous Expense</b>	E-MISC0
22	Miscellaneous Expense Account #504500	E-MISC1
23	Miscellaneous Expense Account #504610	E-MISC2
24	Miscellaneous Expense Account #504620	E-MISC3
25	Miscellaneous Expense Account #504660	E-MISC4
26	Miscellaneous Expense Account #504670	E-MISC5
27	Miscellaneous Expense Account #507100	E-MISC6
28	Miscellaneous Expense Account #508100	E-MISC7
29	Miscellaneous Expense Account #520100	E-MISC8
30	Miscellaneous Expense Account #532000	E-MISC9
31	Miscellaneous Expense Account #533000	E-MISC10
32	Miscellaneous Expense Account #535000	E-MISC13
33	Miscellaneous Expense Account #536000	E-MISC15
34	Miscellaneous Expense Account #550000	E-MISC16
35	Miscellaneous Expense Account #575000	E-MISC17
36	Miscellaneous Expense Account #575030	E-MISC18
37	Miscellaneous Expense Account #575220	E-MISC19
38	Miscellaneous Expense Account #575240	E-MISC20
39	Miscellaneous Expense Account #575242	E-MISC22
40	Miscellaneous Expense Account #575270	E-MISC23
41	Miscellaneous Expense Account #575271	E-MISC24
42	Miscellaneous Expense Account #575320	E-MISC25
43	Miscellaneous Expense Account #575480	E-MISC26

TENNESSEE - AMERICAN WATER COMPANY  
TRA DOCKET #04-00288  
INDEX OF WORKPAPERS

LINE	WORKPAPER DESCRIPTION	WORKPAPER #
1	Miscellaneous Expense Account #575490	E-MISC27
2	Miscellaneous Expense Account #575500	E-MISC28
3	Miscellaneous Expense Account #575545	E-MISC29
4	Miscellaneous Expense Account #575620	E-MISC31
5	Miscellaneous Expense Account #575625	E-MISC32
6	Miscellaneous Expense Account #575680	E-MISC33
7	Miscellaneous Expense Account #575740	E-MISC34
8	Miscellaneous Expense Account #575780	E-MISC35
9	Miscellaneous Expense Account #575790	E-MISC36
10	Miscellaneous Expense Account #575820	E-MISC37
11	Miscellaneous Expense Account #575998	E-MISC38
12	Miscellaneous Expense Account #575710	E-MISC40
13	Miscellaneous Expense Account #575715	E-MISC41
14	Miscellaneous Expense Account #575640	E-MISC43
15	Miscellaneous Expense Account #550001	E-MISC44
16	Miscellaneous Expense Account #550003	E-MISC45
17	Miscellaneous Expense Account #575741	E-MISC46
18	Miscellaneous Expense Account #575275	E-MISC47
19	Miscellaneous Expense Account #575276	E-MISC48
20	Miscellaneous Expense Account #504640	E-MISC49
21	<b>Summary of Other Maintenance Expense</b>	E-MAIN0
22	Other Maintenance Expense Account #620000	E-MAIN2
23	Other Maintenance Expense Account #635000	E-MAIN3
24	Other Maintenance Expense Account #675000	E-MAIN4
25	Other Maintenance Expense Account #675250	E-MAIN5
26	<b>Summary of Taxes Other than Income</b>	T-OTAX0
27	Property Taxes	T-OTAX1
28	Other General Taxes	T-OTAX2
29	Payroll Taxes	T-OTAX3
30	Hourly Payroll Taxes	T-OTAX4
31	Non-Union Payroll Taxes	T-OTAX5
32	Salary Payroll Taxes	T-OTAX6

TENNESSEE - AMERICAN WATER COMPANY  
 COMPARISON OF OPERATING EXPENSES  
 DOCKET #04-00288  
 FOR THE ATTRITION YEAR ENDING DECEMBER 31, 2005

REC-1

Line #	(1) A/ 12 MONTHS 3/31/04	(2) A/ COMPANY ATTRITION YR	(3) UNION EMPLOYEES POSITIONS	(4) GROWTH	(5) LOBBYING EXPENSE	(6) INCENTIVE PAY PLAN	(7) CAP/ION UTILITY PERCENTS	(8) NON-RECURRING	(9) B/ CAPD AMOUNT	(10) DIFFERENCE
1	O&M LABOR \$ 4,631,351	\$ 4,383,883	397,480	-	-	105,157	196,646	-	\$ 3,684,600	\$ 699,283
2	PURCHASED WATER 15,330	15,330	-	(10,818)	-	-	-	-	26,148	(10,818)
3	FUEL AND POWER 1,520,849	1,755,680	-	143,614	-	-	-	-	1,612,066	143,614
4	CHEMICALS 723,833	861,861	-	131,455	-	-	-	-	730,406	131,455
5	WASTE DISPOSAL 129,719	133,438	-	15,237	-	-	-	-	118,201	15,237
6	MANAGEMENT FEES 2,492,981	3,062,940	-	(156,992)	-	-	-	-	3,219,932	(156,992)
7	GROUP INSURANCE 1,345,749	1,386,004	-	46,756	-	-	-	-	1,339,248	46,756
8	PENSIONS 516,005	892,790	-	-	-	63,059	-	-	829,731	63,059
9	REGULATORY EXPENSE 113,844	58,000	-	-	-	-	-	-	58,000	-
10	INSURANCE OTHER THAN GROUP 670,413	657,000	-	(16,430)	-	-	-	-	673,430	(16,430)
11	CUSTOMER ACCOUNTING 559,654	572,893	-	22,657	-	-	-	-	550,236	22,657
12	UNCOLLECTIBLE EXPENSE 269,736	289,530	-	-	-	-	-	-	289,530	-
13	RENTS 38,286	38,286	-	398	-	-	-	-	37,888	398
14	GENERAL OFFICE EXPENSE 189,347	193,122	-	(14,935)	-	-	-	-	208,057	(14,935)
15	MISCELLANEOUS EXPENSE 1,596,601	1,661,970	-	(94,514)	20,000	-	-	20,997	1,715,487	(53,517)
16	OTHER MAINTENANCE EXPENSE 630,331	746,632	-	174,081	-	-	-	-	572,551	174,081
17	AFUDC (28,791)	(28,791)	-	-	-	-	-	-	(28,791)	-
18	TOTAL \$ 15,444,029	\$ 16,680,568	\$ 397,480	\$ 240,509	\$ 20,000	\$ 105,157	\$ 259,705	\$ 20,997	\$ 15,636,720	\$ 1,043,848
19	PERCENT CHANGE	8.01%							1.25%	

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
RECONCILIATION OF TAXES OTHER THAN INCOME  
FOR ATTRITION YEAR ENDED DECEMBER 31, 2005

REC-2

<u>Line #</u>		(1) <u>COMPANY</u>	(2) <u>CAPD</u>	(3) <u>DIFFERENCE</u>
1	Property Taxes	\$ 2,503,629	\$ 2,300,000	\$ 203,629
2	Other General Taxes			
3	TN Franchise Tax	259,938	259,938	-
4	Gross Receipts Tax	566,595	340,856	225,739
5	TRA Fee	59,413	59,413	-
6	Franchise Tax	750	750	-
7	Filing Fee	150	150	-
8	Payroll Taxes			
9	FUTA Tax	4,577	4,123	454
10	FICA Tax	332,999	277,618	55,381
11	SUTA Tax	228	2,356	(2,128)
12	Total	<u>\$ 3,728,279</u>	<u>\$ 3,245,204</u>	<u>\$ 483,075</u>







TENNESSEE AMER				ATER COMPANY				DISK NAME EXPENSES				PAY 3									
DOCKET NO 04 00288				WAGE INCREASE 3%				FILE NAME SALVAGE													
SALARY AND WAGE PRECUT SALARIED EMPLOYEES				EFFECTIVE DATE 04/01/05																	
ATTN YEAR 10/05 - 12/31/05				APPLIES TO ALL SALARIED EMPLOYEES																	
EMP #	EMP NAME	YEARLY SALARY AT 09/30/04	MONTHLY SALARY AT 12/31/04	MONTHLY SALARY AT 03/31/05	MONTHLY SALARY AT 04/01/05	EMP #	JAN 05	FEB 05	MAR 05	APR 05	MAY 05	JUN 05	JUL 05	AUG 05	SEP 05	OCT 05	NOV 05	DEC 05	ATTRITION PERIOD PAY		
1	Cumplings Pamela B	71,824	5,985.37	5,985.37	6,164.93	1	5,985.37	5,985.37	5,985.37	6,164.93	6,164.93	6,164.93	6,164.93	6,164.93	6,164.93	6,164.93	6,164.93	6,164.93	73,440.53		
2	Barrie Rachel	66,717	5,559.77	5,559.77	5,738.23	2	5,559.77	5,559.77	5,559.77	5,738.23	5,738.23	5,738.23	5,738.23	5,738.23	5,738.23	5,738.23	5,738.23	5,738.23	69,668.42		
3	Turvey Mark	54,789	4,565.77	4,565.77	4,742.23	3	4,565.77	4,565.77	4,565.77	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	59,022.84		
4	Bennington Loyell	60,757	5,063.07	5,063.07	5,241.66	4	5,063.07	5,063.07	5,063.07	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	62,125.93		
5	Bishop Monty	60,757	5,063.07	5,063.07	5,241.66	5	5,063.07	5,063.07	5,063.07	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	5,241.66	62,125.93		
6	Seavey Virginia B	62,647	5,221.42	5,221.42	5,400.88	6	5,221.42	5,221.42	5,221.42	5,400.88	5,400.88	5,400.88	5,400.88	5,400.88	5,400.88	5,400.88	5,400.88	5,400.88	64,868.33		
7	Gennette Michael	64,551	5,379.23	5,379.23	5,558.60	7	5,379.23	5,379.23	5,379.23	5,558.60	5,558.60	5,558.60	5,558.60	5,558.60	5,558.60	5,558.60	5,558.60	5,558.60	67,326.33		
8	Zuennet Mariah	78,399	6,533.28	6,533.28	6,712.77	8	6,533.28	6,533.28	6,533.28	6,712.77	6,712.77	6,712.77	6,712.77	6,712.77	6,712.77	6,712.77	6,712.77	6,712.77	80,668.52		
9	Holmes Susan	78,894	6,574.53	6,574.53	6,754.03	9	6,574.53	6,574.53	6,574.53	6,754.03	6,754.03	6,754.03	6,754.03	6,754.03	6,754.03	6,754.03	6,754.03	6,754.03	81,402.53		
10	Scholar Ronald	69,722	5,810.13	5,810.13	5,990.44	10	5,810.13	5,810.13	5,810.13	5,990.44	5,990.44	5,990.44	5,990.44	5,990.44	5,990.44	5,990.44	5,990.44	5,990.44	72,200.34		
11	Bachlor Louis	52,847	4,403.98	4,403.98	4,583.00	11	4,403.98	4,403.98	4,403.98	4,583.00	4,583.00	4,583.00	4,583.00	4,583.00	4,583.00	4,583.00	4,583.00	4,583.00	54,035.81		
12	Brachner Teri F	57,123	4,760.77	4,760.77	4,940.80	12	4,760.77	4,760.77	4,760.77	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	59,414.69		
13	Brachner Teri F	57,123	4,760.77	4,760.77	4,940.80	13	4,760.77	4,760.77	4,760.77	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	4,940.80	59,414.69		
14	Hudlock Rand	55,571	4,631.77	4,631.77	4,811.80	14	4,631.77	4,631.77	4,631.77	4,811.80	4,811.80	4,811.80	4,811.80	4,811.80	4,811.80	4,811.80	4,811.80	4,811.80	58,025.10		
15	Merrison Leah	54,789	4,565.77	4,565.77	4,742.23	15	4,565.77	4,565.77	4,565.77	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	59,022.84		
16	Hightmeyer Kevin	54,789	4,565.77	4,565.77	4,742.23	16	4,565.77	4,565.77	4,565.77	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	4,742.23	59,022.84		
17	Bankie Kathleen	53,943	4,495.23	4,495.23	4,675.08	17	4,495.23	4,495.23	4,495.23	4,675.08	4,675.08	4,675.08	4,675.08	4,675.08	4,675.08	4,675.08	4,675.08	4,675.08	56,156.43		
18	Delton Kimberly M	49,803	4,150.84	4,150.84	4,282.71	18	4,150.84	4,150.84	4,150.84	4,282.71	4,282.71	4,282.71	4,282.71	4,282.71	4,282.71	4,282.71	4,282.71	4,282.71	50,816.29		
19	Taylor Randall D	74,911	6,242.60	6,242.60	6,423.88	19	6,242.60	6,242.60	6,242.60	6,423.88	6,423.88	6,423.88	6,423.88	6,423.88	6,423.88	6,423.88	6,423.88	6,423.88	76,596.70		
20	Hannah Jayne F	88,061	7,338.41	7,338.41	7,518.57	20	7,338.41	7,338.41	7,338.41	7,518.57	7,518.57	7,518.57	7,518.57	7,518.57	7,518.57	7,518.57	7,518.57	7,518.57	90,042.33		
						1,315,508				109,626				112,902				1,344,995			

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
CAPITALIZED LABOR BY MONTH

PAY-4

<u>MONTH</u>	<u>YEAR</u>	<u>CAPITALIZED LABOR</u>	<u>PERCENT TO TOTAL</u>	<u>ROLLING 12 MONTH AVERAGE</u>	<u>12 MONTH AVERAGE JAN-DEC</u>
JAN	2002	0	0.00%	-	
FEB		0	0.00%	-	
MAR		0	0.00%	-	
APR		88,750 A/	17.46%	-	
MAY		82,106 A/	15.88%	-	
JUN		69,696 A/	15.32%	-	
JUL		84,813 A/	16.13%	-	
AUG		94,275 A/	17.31%	-	
SEP		68,946 A/	16.64%	-	
OCT		73,038 A/	15.33%	-	
NOV		67,890 A/	15.10%	-	
DEC		76,075 A/	15.95%	-	
JAN	2003	98,160 A/	22.35%	-	
FEB		64,053 A/	14.22%	-	
MAR		73,223 A/	16.58%	16.52%	
APR		122,565 B/	27.61%	17.37%	
MAY		87,608 B/	12.85%	17.12%	
JUN		82,935 B/	18.51%	17.38%	
JUL		86,141 B/	19.67%	17.68%	
AUG		133,936 B/	17.82%	17.72%	
SEP		38,975 B/	8.62%	17.05%	
OCT		85,693 B/	13.17%	16.87%	
NOV		165,517 B/	38.03%	18.78%	
DEC		82,977 B/	19.42%	19.07%	19.07%
JAN	2004	72,384 B/	17.17%	18.64%	
FEB		82,761 B/	20.25%	19.14%	
MAR		130,469 B/	28.28%	20.12%	
APR		89,473 C/	21.21%	19.58%	
MAY		42,796 C/	21.37%	20.29%	
JUN		118,423 C/	19.38%	20.37%	
JUL		81,201 C/	19.95%	20.39%	
AUG		83,242 C/	18.27%	20.43%	
SEP		83,000 C/	11.53%	20.67%	
OCT		0	0.00%	-	
NOV		0	0.00%	-	
DEC		0	0.00%	-	
20 MONTH ROLLING AVERAGE					17.76%

A/ TRA Data Request #30

B/ First Set of CAPD Data Requests #37, Revised.

C/ First Set of CAPD Data Requests #23

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
NON UTILITY LABOR BY MONTH

PAY-5

<u>MONTH</u>	<u>YEAR</u>	<u>CAPITALIZED LABOR</u>	<u>PERCENT TO TOTAL</u>	<u>ROLLING 12 MONTH AVERAGE</u>	<u>12 MONTH AVERAGE JAN-DEC</u>
JAN	2002	0	0 00%	-	
FEB		0	0 00%	-	
MAR		1,478 A/	0 27%	-	
APR		281 A/	0 06%	-	
MAY		1,028 A/	0 17%	-	
JUN		143 A/	0 32%	-	
JUL		211 A/	0 49%	-	
AUG		592 A/	0 11%	-	
SEP		364 A/	0 08%	-	
OCT		574 A/	0 13%	-	
NOV		0 A/	0 00%	-	
DEC		184 A/	0 04%	-	
JAN	2003	330 A/	0.75%	-	
FEB		787 A/	0 17%	-	
MAR		447 A/	0 10%	0 20%	
APR		449 A/	0 10%	0 21%	
MAY		0 A/	0 00%	0 19%	
JUN		451 A/	0 10%	0 17%	
JUL		1,196 A/	0 27%	0.16%	
AUG		509 A/	0 07%	0 15%	
SEP		2,132 A/	0 47%	0 18%	
OCT		998 A/	0 15%	0 19%	
NOV		1,049 A/	0 24%	0 21%	
DEC		919 A/	0 22%	0 22%	
JAN	2004	15,672 A/	3 72%	0 47%	
FEB		10,220 A/	2 50%	0 66%	
MAR		14,609 A/	3 17%	0 92%	
APR		10,007 A/	1.61%	1 04%	
MAY		5,027 A/	1 25%	1 15%	
JUN		16,491 A/	4 24%	1 49%	
JUL		10,054 A/	2 47%	1 68%	
AUG		10,612 A/	2 32%	1 86%	
SEP		878 A/	0 12%	<b>1.83%</b>	
OCT		0	0 00%	-	
NOV		0	0 00%	-	
DEC		0	0 00%	-	
20 MONTH ROLLING AVERAGE					0.65%

A/ First Set of CAPD Data Requests #25

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
OPERATIONS AND MAINTENANCE LABOR  
FOR ATTRITION YEAR ENDING 12/31/05

PAY-6

	<u>PAYROLL (CAPD)</u>		<u>PAYROLL (COMPANY)</u>	F/	<u>DIFFERENCE</u>
UNION EMPLOYEES	3,366,898	A/	3,768,930		(402,032)
NON-UNION HOURLY EMPLOYEES	42,429	B/	40,388		2,041
SALARIED EMPLOYEES	1,344,995	C/	1,342,484		2,511
INCENTIVE PAY			105,157		(105,157)
TOTAL	4,754,322		5,256,959		(502,637)
CAPITALIZATION %	20 67%	D/	16 61%		4 06%
NON UTILITY %	1 83%	E/			1 83%
CAPITALIZED PORTION	<u>982,718</u>		<u>873,181</u>		<u>109,537</u>
NON UTILITY PORTION	<u>87,004</u>				<u>87,004</u>
EXPENSED PORTION	<u>3,684,600</u>		<u>4,383,778</u>		<u>(699,178)</u>
AMOUNT PER COMPANY EXHIBIT	<u>3,684,600</u>		<u>4,383,883</u>		<u>(699,283)</u>

A/ CAPD WORKPAPER PAY-1  
B/ CAPD WORKPAPER PAY-2  
C/ CAPD WORKPAPER PAY-3  
D/ CAPD WORKPAPER PAY-4  
E/ CAPD WORKPAPER PAY-5  
F/ FIRST SET OF CAPD DISCOVERY #16

E-PW0  
PURCH WATER  
12/10/04  
12 58 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
PURCHASED WATER-OUTSIDE	510100	25,629	401	118	26,148	15,330
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
	TOTAL	25,629	401	118	26,148	15,330

TN AMERICAN WATER COMPANY TB  
04-00288

ACCOUNT # 510100  
TITLE: PURCHASED WATER-OUTSIDE

WORKPAPER E-PW1  
DISK NAME  
FILE NAME: PURCH WATER

RUN DATE: 12/10/04  
RUN TIME 12 59 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	224	-
FEB		433	-
MAR		500	-
APR		342	-
MAY		1,779	-
JUN		418	-
JUL		3,355	-
AUG		2,318	-
SEP		2,561	-
OCT		3,499	-
NOV		1,646	-
DEC		1,081	18,156
JAN	2003	1,011	18,943
FEB		1,177	19,687
MAR		1,214	20,401
APR		2,021	22,080
MAY		55	20,356
JUN		76	20,014
JUL		125	16,784
AUG		427	14,893
SEP		3,213	15,545
OCT		2,608	14,654
NOV		3,083	16,091
DEC		1,753	16,763
JAN	2004	3,438	19,190
FEB		2,941	20,954
MAR		3,030	22,770
APR		1,019	21,768
MAY		1,932	23,645
JUN		3,306	26,875
JUL		1,513	28,263
AUG		3,247	31,083
SEP		5,199	33,069
OCT		0	30,461
NOV		0	27,378
DEC		0	25,625
		60,544	

10,000  
MATERIALITY  
-----  
AVG BAL. 25,923  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
52.87%	16.11%

TEST 1 FAILED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW.	1.0046

TP BALANCE	25,629 A/
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INF INCREASE	401
GROW INCREA	118

ATTR AMOUNT	26,148
-------------	--------

A/ Less \$7,440 in amounts charged  
to Lone Oak and Suck Creek per  
response to TRA Data Request #91.



FUEL & POWER  
12/09/04  
03 53 PM

[illegible]

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-FP1  
DISK NAME:  
FILE NAME: FUEL & POWE

ACCOUNT #: 515100  
TITLE: PURCHASED POWER

RUN DATE: 12/09/04  
RUN TIME 03.53 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	121,759	-
FEB		115,631	-
MAR		116,965	-
APR		118,747	-
MAY		133,515	-
JUN		137,919	-
JUL		142,145	-
AUG		141,421	-
SEP		131,444	-
OCT		130,312	-
NOV		113,753	-
DEC		114,270	1,517,881
JAN	2003	132,973	1,529,095
FEB		119,001	1,532,465
MAR		128,937	1,544,437
APR		112,170	1,537,860
MAY		120,992	1,525,337
JUN		117,666	1,505,084
JUL		123,948	1,486,887
AUG		126,685	1,472,151
SEP		134,654	1,475,361
OCT		134,912	1,479,961
NOV		99,892	1,466,100
DEC		160,078	1,511,908
JAN	2004	96,547	1,475,482
FEB		129,103	1,485,584
MAR		122,926	1,479,573
APR		118,517	1,485,920
MAY		129,414	1,494,342
JUN		127,664	1,504,340
JUL		142,337	1,522,729
AUG		144,462	1,540,506
SEP		143,232	1,549,084
OCT		0	1,414,172
NOV		0	1,314,280
DEC		0	1,154,202
		4,183,991	

50,000  
MATERIALITY  
-----  
AVG BAL: 1,451,685  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIF  
  
TEST 1 TEST 2  
TP GROWTH > TP STD DEV >  
6.00% 7.00%  
-----  
-23.66% 7.43%  
  
TEST 1 PASSEI 1  
TEST 2 FAILED 1  
  
NO MORE TESTING NEEDED  
USE GROWTH FACTOR  
  
COMPOUND GROWTH FACTO  
-----  
INFLATION: 1.0156  
CUST GROW: 1 0046  
  
TP BALANCE 1,549,084  
  
INF INCREASE 24,242  
GROW INCREA 7,144  
-----  
ATTR AMOUNT 1,580,470  
=====

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-FP2  
DISK NAME  
FILE NAME FUEL & POWER

ACCOUNT # 515200  
TITLE PURCHASED FUEL OPER SS

RUN DATE. 11/16/04  
RUN TIME. 04 17 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	376	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		147	-
SEP		213	-
OCT		0	-
NOV		273	-
DEC		0	1,009
JAN	2003	0	633
FEB		0	633
MAR		529	1,162
APR		772	1,934
MAY		0	1,934
JUN		0	1,934
JUL		0	1,934
AUG		0	1,787
SEP		0	1,574
OCT		0	1,574
NOV		354	1,655
DEC		520	2,175
JAN	2004	(520)	1,655
FEB		0	1,655
MAR		0	1,126
APR		0	354
MAY		33,873	34,227
JUN		(3,322)	30,905
JUL		9,613	40,518
AUG		4,687	45,205
SEP		(14,236)	30,969
OCT		0	30,969
NOV		0	30,615
DEC		0	30,095
		33,279	

50,000  
MATERIALITY  
-----  
AVG BAL 23,191  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE	30,969
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INF INCREASE	485
GROW INCREA	143

ATTR AMOUNT	31,596
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ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
CHEMICALS	518000	715,901	11,203	3,301	730,406	861,861
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	1	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
TOTAL		715,901	11,203	3,302	730,406	861,861
		=====	=====	=====	=====	=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 518000  
ITLE CHEMICALS

WORKPAPER E-CHEM1  
DISK NAME  
FILE NAME CHEMICALS

RUN DATE 11/16/04  
RUN TIME 04 05 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	57,064	-
FEB		54,303	-
MAR		58,318	-
APR		60,809	-
MAY		66,139	-
JUN		46,977	-
JUL		57,257	-
AUG		89,590	-
SEP		70,970	-
OCT		62,221	-
NOV		62,193	-
DEC		75,075	760,916
JAN	2003	47,247	751,099
FEB		55,936	752,732
MAR		72,663	767,077
APR		54,525	760,793
MAY		62,497	757,151
JUN		70,693	780,867
JUL		64,656	788,266
AUG		62,596	761,272
SEP		69,261	759,563
OCT		53,852	751,194
IOV		53,749	742,750
DEC		76,800	744,475
JAN	2004	40,047	737,275
FEB		52,869	734,208
MAR		62,288	723,833
APR		55,058	724,366
MAY		58,447	720,316
JUN		69,431	719,054
JUL		67,246	721,644
AUG		59,372	718,420
SEP		66,742	715,901
OCT		0	662,049
NOV		0	608,300
DEC		0	531,500
		2,036,891	

55,000  
MATERIALITY  
-----  
AVG BAL 693,072  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
-28 61%	8 66%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE	715,901
------------	---------

INF INCREASE	11,203
GROW INCREA	3,301

ATTR AMOUNT	730,406
	=====

03 55 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
WASTE DISPOSAL	511100	115,854	1,813	534	118,201	133,438
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
TOTAL		115,854	1,813	534	118,201	133,438

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 511100  
TITLE WASTE DISPOSAL

WORKPAPER E-WD-1  
DISK NAME  
FILE NAME WASTE DISPOSAL

RUN DATE 12/09/04  
RUN TIME 03 55 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	7,590	-
FEB		14,710	-
MAR		4,766	-
APR		7,003	-
MAY		5,183	-
JUN		14,761	-
JUL		10,500	-
AUG		9,674	-
SEP		11,022	-
OCT		13,238	-
NOV		10,329	-
DEC		11,811	120,587
JAN	2003	10,139	123,136
FEB		10,606	119,032
MAR		28,829	143,095
APR		13,745	149,837
MAY		13,965	158,619
JUN		12,812	156,670
JUL		13,154	159,324
AUG		13,492	163,142
SEP		2,229	154,349
OCT		5,589	146,700
IOV		11,714	148,085
DEC		10,121	146,395
JAN	2004	10,167	146,423
FEB		10,916	146,733
MAR		11,815	129,719
APR		5,977	121,951
MAY		11,008	118,994
JUN		11,532	117,714
JUL		11,452	116,012
AUG		8,377	110,897
SEP		7,186	115,854
OCT		0	110,265
NOV		0	98,551
DEC		0	88,430
		355,412	

55,000  
MATERIALITY

AVG BAL 118,462

OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1 TP GROWTH > 6 00%	TEST 2 TP STD DEV > 7 00%
-24 94%	11 57%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE 115,854

INF INCREASE	1,813
GROW INCREA	534

ATTR AMOUNT 118,201  
=====

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
CONTRACT SERVICES	534000	75,784	1,186	349	77,319	3,062,940
LABOR	534080	1,735,377	27,157	0	1,762,534	0
INC PLAN	534081	0	0	0	0	0
GROUP INSURANCE	534140	(193)	(3)	(1)	(197)	0
PENSION	534150	5,095	80	23	5,198	0
RENTS	534190	17,003	266	78	17,347	0
GENERAL OFFICE	534200	129,249	2,023	596	131,868	0
401K	534210	158,508	2,481	731	161,720	0
ESOP	534211	0	0	0	0	0
MISCELLANEOUS OPERATING EXP	534212	0	0	0	0	0
RESEARCH & DEVELOPMENT	534213	41,165	644	190	41,999	0
MNGT FEES BUSINESS CHANGE COST	534214	933,689	14,612	4,306	952,606	0
MAINTENANCE OTHER	534250	51,810	811	239	52,860	0
DEPRECIATION	534270	0	0	0	0	0
M&J INCOME	534290	16,092	252	74	16,418	0
OTHER GENERAL TAXES	534291	0	0	0	0	0
LTD INTEREST	534560	338	5	2	345	0
OTHER INTEREST	534590	0	5	2	7	0
INSURANCE OTHER	534170	0	0	0	0	0
PBOP	534141	(90)	(1)	(0)	(92)	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
0	0	0	CALCULATED	CALCULATED	0	0
TOTAL		3,163,826	49,517	6,589	3,219,932	3,062,940



TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MNGT1  
DISK NAME  
FILE NAME MNGT FEES

ACCOUNT # 534000  
TITLE CONTRACT SERVICES

RUN DATE 12/09/04  
RUN TIME 04 24 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	(7,491)	-
FEB		0	-
MAR		0	-
APR		106,941	-
MAY		36,334	-
JUN		21,681	-
JUL		25,640	-
AUG		11,203	-
SEP		10,455	-
OCT		10,370	-
NOV		12,034	-
DEC		9,923	237,090
JAN	2003	61,244	305,825
FEB		(4,400)	301,425
MAR		9,135	310,560
APR		11,894	215,513
MAY		8,788	187,967
JUN		8,103	174,389
JUL		8,750	157,499
AUG		7,874	154,170
SEP		9,181	152,896
OCT		7,454	149,980
NOV		16,427	154,373
DEC		(74,757)	69,693
JAN	2004	12,981	21,430
FEB		13,384	39,214
MAR		22,282	52,361
APR		9,913	50,380
MAY		19,019	60,611
JUN		14,201	66,709
JUL		10,882	68,841
AUG		13,821	74,788
SEP		10,177	75,784
OCT		0	68,330
NOV		0	51,903
DEC		0	126,660

433,443  
=====

50,000  
MATERIALITY  
-----  
AVG BAL: 63,084  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
81.74%	38.63%

TEST 1 FAILED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW.	1.0046

TP BALANCE	75,784
------------	--------

INF INCREASE	1,186
GROW INCREA	349

ATTR AMOUNT	77,319
	=====

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MNGT2  
DISK NAME.  
FILE NAME MNGT FEES

ACCOUNT # 534080  
TITLE. LABOR

RUN DATE 12/09/04  
RUN TIME 04 25 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		152,062	152,062
APR		155,293	307,355
MAY		160,151	467,506
JUN		168,422	635,928
JUL		162,975	798,903
AUG		151,023	949,926
SEP		62,377	1,012,303
OCT		0	1,012,303
NOV		0	1,012,303
DEC		0	1,012,303
		1,012,303	

50,000  
MATERIALITY  
-----  
AVG BAL 613,408  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
#DIV/0!	64.27%

TEST 1 IS N/A 1  
TEST 2 FAILED 1  
  
NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS  
-----  
INFLATION: 1 0156  
CUST GROW: 1 0046

TP BALANCE 1,735,377 A/  
  
INF INCREASE 27,157  
GROW INCREA 8,003  
-----  
ATTR AMOUNT 1,770,537  
=====

A/ Seven months actual annualized

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-MNGT3  
DISK NAME  
FILE NAME MNGT FEES

ACCOUNT #. 534081  
TITLE: INC PLAN

RUN DATE 12/09/04  
RUN TIME 04 25 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		11,225	11,225
APR		11,328	22,553
MAY		11,786	34,339
JUN		16,474	50,813
JUL		13,412	64,225
AUG		11,931	76,156
SEP		11,346	87,502
OCT		0	87,502
NOV		0	87,502
DEC		0	87,502
		87,502	

50,000  
MATERIALITY  
-----  
AVG BAL 50,777  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

#DIV/0! 67.29%

TEST 1 IS N/A	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE	0
------------	---

INF INCREASE	0
GROW INCREA	0

ATTR AMOUNT	0
-------------	---

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MNGT4  
DISK NAME  
FILE NAME MNGT FEES

ACCOUNT # 534140  
TITLE GROUP INSURANCE

RUN DATE: 12/09/04  
RUN TIME 04 26 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD		
JAN	2002	0	-	50,000	
FEB		0	-	MATERIALITY	
MAR		0	-	-----	
APR		0	-	AVG BAL	(282)
MAY		0	-	BELOW PRESET LIMIT, NO	
JUN		0	-	ADDITIONAL TESTING REQUIRED	
JUL		0	-		
AUG		0	-		
SEP		0	-	TEST 1	TEST 2
OCT		0	-	TP GROWTH >	TP STD DEV >
NOV		0	-	6.00%	7.00%
DEC		0	0	-----	-----
JAN	2003	0	0	N/A	N/A
FEB		33	33		
MAR		7	40	TEST 1 PASSEI	1
APR		0	40	TEST 2 PASSEI	1
MAY		0	40		
JUN		(2)	38	NO MORE TESTING NEEDED	
JUL		(16)	22	USE GROWTH FACTOR	
AUG		(71)	(49)		
SEP		(9)	(58)		
OCT		(52)	(110)	COMPOUND GROWTH FACTORS	
NOV		(73)	(183)	-----	-----
DEC		(68)	(251)	INFLATION	1.0156
JAN	2004	0	(251)	CUST GROW	1.0046
FEB		0	(284)		
MAR		12	(279)		
APR		(2)	(281)	TP BALANCE	(193)
MAY		(120)	(401)		
JUN		(178)	(577)	INF INCREASE	(3)
JUL		155	(406)	GROW INCREA	(1)
AUG		(163)	(498)		
SEP		296	(193)	ATTR AMOUNT	(197)
OCT		0	(141)	=====	
NOV		0	(68)		
DEC		0	0		
		-----			
		(251)			
		=====			

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 534150  
TITLE: PENSION

WORKPAPER: E-MNGT5  
DISK NAME  
FILE NAME: MNGT FEES

RUN DATE: 12/09/04  
RUN TIME 04 26 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		595	595
APR		237	832
MAY		325	1,157
JUN		597	1,754
JUL		395	2,149
AUG		428	2,577
SEP		395	2,972
OCT		0	2,972
NOV		0	2,972
DEC		0	2,972
		2,972	

50,000  
MATERIALITY  
-----  
AVG BAL. 1,746  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW	1.0046

TP BALANCE 5,095 A/

INF INCREASE	80
GROW INCREA	23

ATTR AMOUNT	5,198
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A/ Seven months actual annualized

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MNGT6  
DISK NAME  
FILE NAME: MNGT FEES

ACCOUNT #: 534190  
TITLE RENTS

RUN DATE: 12/09/04  
RUN TIME: 04 26 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	14	-
FEB		31,748	-
MAR		(36,878)	-
APR		(2,067)	-
MAY		9,834	-
JUN		(743)	-
JUL		(3,065)	-
AUG		4,910	-
SEP		168	-
OCT		9,550	-
NOV		4,796	-
DEC		5,191	23,458
JAN	2003	5,092	28,536
FEB		7,540	4,328
MAR		15,421	56,627
APR		9,454	68,148
MAY		8,570	66,884
JUN		16,144	83,771
JUL		9,534	96,370
AUG		1,362	92,822
SEP		9,278	101,932
OCT		2,889	95,271
NOV		2,586	93,061
DEC		(8,332)	79,538
JAN	2004	1,474	75,920
FEB		897	69,277
MAR		2,532	2,532
APR		4,594	7,126
MAY		1,728	8,854
JUN		(2,363)	6,491
JUL		5,139	11,630
AUG		1,049	12,679
SEP		4,324	17,003
OCT		0	17,003
NOV		0	17,003
DEC		0	17,003
		122,370	

50,000  
MATERIALITY  
-----  
AVG BAL: 21,877  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE	17,003
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INF INCREASE	266
GROW INCREA	78

ATTR AMOUNT	17,347
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 534200  
TITLE: GENERAL OFFICE

WORKPAPER E-MNGT7  
DISK NAME  
FILE NAME MNGT FEES

RUN DATE 12/09/04  
RUN TIME 04:27 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	3,102	-
FEB		2,204	-
MAR		8,208	-
APR		5,096	-
MAY		10,696	-
JUN		5,212	-
JUL		5,082	-
AUG		2,994	-
SEP		4,809	-
OCT		6,183	-
NOV		4,255	-
DEC		4,556	62,397
JAN	2003	5,464	64,759
FEB		7,291	69,846
MAR		11,066	72,704
APR		7,505	75,113
MAY		8,352	72,769
JUN		11,445	79,002
JUL		10,828	84,748
AUG		7,921	89,675
SEP		6,860	91,726
OCT		9,300	94,843
NOV		9,220	99,808
DEC		11,667	106,919
JAN	2004	10,990	112,445
FEB		8,601	113,755
MAR		11,876	114,565
APR		10,202	117,262
MAY		8,566	117,476
JUN		10,161	116,192
JUL		11,335	116,699
AUG		14,005	122,783
SEP		13,326	129,249
OCT		0	119,949
NOV		0	110,729
DEC		0	99,062
		268,378	

50,000  
MATERIALITY  
-----  
AVG BAL 115,847  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7.00%
-----	-----
-7 35%	5.98%

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW.	1.0046

TP BALANCE	129,249
------------	---------

INF INCREASE	2,023
GROW INCREA	596

ATTR AMOUNT	131,868
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-MNGT8  
DISK NAME.  
FILE NAME MNGT FEES

ACCOUNT # 534210  
TITLE 401K

RUN DATE 12/09/04  
RUN TIME: 04.27 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	15,298	-
FEB		6,018	-
MAR		36,916	-
APR		14,498	-
MAY		26,858	-
JUN		2,955	-
JUL		27,108	-
AUG		4,487	-
SEP		7,465	-
OCT		13,518	-
NOV		11,444	-
DEC		19,395	185,960
JAN	2003	20,386	191,048
FEB		12,626	197,656
MAR		25,247	185,987
APR		11,819	183,308
MAY		27,037	183,487
JUN		17,600	198,132
JUL		11,869	182,893
AUG		10,449	188,855
SEP		6,610	188,000
OCT		18,206	192,688
NOV		3,285	184,529
DEC		16,243	181,377
JAN	2004	5,958	166,949
FEB		12,872	167,195
MAR		10,144	152,092
APR		15,360	155,633
MAY		11,856	140,452
JUN		29,447	152,299
JUL		5,497	145,927
AUG		17,989	153,467
SEP		11,651	158,508
OCT		0	140,302
NOV		0	137,017
DEC		0	120,774
		488,111	

50,000  
MATERIALITY  
-----  
AVG BAL. 149,218  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-33.41%	8.49%

TEST 1 PASSED 1  
TEST 2 FAILED 1  
  
NO MORE TESTING NEEDED  
USE GROWTH FACTOR

# COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE 158,508

INF INCREASE	2,481
GROW INCREA	731

ATTR AMOUNT	161,720
=====	



TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MNGT11  
DISK NAME.  
FILE NAME MNGT FEES

ACCOUNT # 534213  
TITLE RESEARCH & DEVELOPMENT

RUN DATE. 12/09/04  
RUN TIME 04 28 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		10,631	-
MAY		(1,067)	-
JUN		4,524	-
JUL		3,369	-
AUG		4,022	-
SEP		3,865	-
OCT		2,788	-
NOV		2,424	-
DEC		3,529	34,085
JAN	2003	2,936	37,021
FEB		1,418	38,439
MAR		3,479	41,918
APR		2,257	33,544
MAY		4,399	39,010
JUN		5,825	40,311
JUL		3,932	40,874
AUG		1,539	38,391
SEP		3,841	38,367
OCT		4,201	39,780
NOV		4,321	41,677
DEC		3,840	41,988
JAN	2004	6,039	45,091
FEB		(468)	43,205
MAR		4,228	43,954
APR		5,213	46,910
MAY		2,785	45,296
JUN		4,225	43,696
JUL		2,594	42,358
AUG		3,107	43,926
SEP		1,080	41,165
OCT		0	36,964
NOV		0	32,643
DEC		0	28,803
		104,876	

50,000  
MATERIALITY  
-----  
AVG BAL. 41,168

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE 41,165

INF INCREASE	644
GROW INCREA	190

ATTR AMOUNT 41,999  
=====

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MNGT12  
DISK NAME:  
FILE NAME. MNGT FEES

ACCOUNT # 534214  
TITLE. MNGT FEES BUSINESS CHANGE COST

RUN DATE 12/09/04  
RUN TIME. 04:29 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		115,253	115,253
APR		105,837	221,090
MAY		53,012	274,102
JUN		103,010	377,112
JUL		47,520	424,632
AUG		84,564	509,196
SEP		426,238	935,434
OCT		0	935,434
NOV		0	935,434
DEC		0	935,434
		935,434	

50,000  
MATERIALITY  
-----  
AVG BAL 471,927  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
#DIV/0!	76.07%

TEST 1 IS N/A 1  
TEST 2 FAILED 1  
  
NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS  
-----  
INFLATION 1.0156  
CUST GROW: 1.0046

TP BALANCE 933,689 A/  
  
INF INCREASE 14,612  
GROW INCREA 4,306  
-----  
ATTR AMOUNT 952,606  
=====

A/ Seven months actual minus  
\$390,782 in severance payments  
per TRA response #9 annualized.

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-MNGT13  
DISK NAME  
FILE NAME MNGT FEES

ACCOUNT #: 534250  
TITLE: MAINTENANCE OTHER

RUN DATE 12/09/04  
RUN TIME 04 29 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	(211)	-
FEB		9,334	-
MAR		771	-
APR		1,892	-
MAY		5,860	-
JUN		2,260	-
JUL		4,114	-
AUG		1,227	-
SEP		1,830	-
OCT		(324)	-
NOV		1,716	-
DEC		1,348	29,817
JAN	2003	1,326	31,354
FEB		1,814	23,834
MAR		(3,720)	19,343
APR		4,273	21,724
MAY		1,640	17,504
JUN		3,625	18,869
JUL		3,337	18,092
AUG		2,423	19,288
SEP		1,173	18,631
OCT		3,935	22,890
NOV		2,385	23,559
DEC		3,483	25,694
JAN	2004	9,503	33,871
FEB		1,236	33,293
MAR		8,942	45,955
APR		1,602	43,284
MAY		1,468	43,112
JUN		12,852	52,339
JUL		2,784	51,786
AUG		2,062	51,425
SEP		1,558	51,810
OCT		0	47,875
NOV		0	45,490
DEC		0	42,007
		97,518	

50,000  
MATERIALITY  
-----  
AVG BAL 45,187  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW:	1.0046

TP BALANCE	51,810
------------	--------

INF INCREASE	811
GROW INCREA	239

ATTR AMOUNT	52,860
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 534290  
TITLE M&J INCOME

WORKPAPER. E-MNGT15  
DISK NAME  
FILE NAME MNGT FEES

RUN DATE 12/09/04  
RUN TIME. 04 30 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		357	357
APR		651	1,008
MAY		4,675	5,683
JUN		1,014	6,697
JUL		892	7,589
AUG		930	8,519
SEP		868	9,387
OCT		0	9,387
NOV		0	9,387
DEC		0	9,387
		9,387	

50,000  
MATERIALITY  
-----  
AVG BAL. 5,617  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW:	1 0046

TP BALANCE	16,092 A/
------------	-----------

INF INCREASE	252
GROW INCREA	74

ATTR AMOUNT	16,418
-------------	--------

A/ Seven months actual annualized

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-MNGT17  
DISK NAME.  
FILE NAME MNGT FEES

ACCOUNT # 534560  
TITLE: LTD INTEREST

RUN DATE 12/09/04  
RUN TIME. 04:31 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		31	31
APR		30	61
MAY		29	90
JUN		28	118
JUL		27	145
AUG		26	171
SEP		26	197
OCT		0	197
NOV		0	197
DEC		0	197
		197	

50,000  
MATERIALITY  
-----  
AVG BAL 117  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW	1.0046

TP BALANCE 338 A/

INF INCREASE	5
GROW INCREA	2

-----  
ATTR AMOUNT 345  
=====

A/ Seven months actual annualized

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 534141  
TITLE. PBOP

WORKPAPER E-MNGT20  
DISK NAME.  
FILE NAME. MNGT FEES

RUN DATE. 12/09/04  
RUN TIME. 04 32 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		884	-
MAR		(1,768)	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	(884)
JAN	2003	0	(884)
FEB		0	(1,768)
MAR		0	0
APR		0	0
MAY		166	166
JUN		627	792
JUL		0	792
AUG		0	792
SEP		0	792
OCT		0	792
NOV		0	792
DEC		0	792
JAN	2004	(84)	708
FEB		(6)	702
MAR		0	702
APR		0	702
MAY		0	537
JUN		0	(90)
JUL		0	(90)
AUG		0	(90)
SEP		0	(90)
OCT		0	(90)
NOV		0	(90)
DEC		0	(90)
		(182)	

50,000  
MATERIALITY  
-----  
AVG BAL. 227  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS  
-----  
INFLATION: 1.0156  
CUST GROW: 1.0046

TP BALANCE	(90)
INF INCREASE	(1)
GROW INCREA	(0)
ATTR AMOUNT	(92)

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
GROUP INSURANCE	504100	614,075	9,610	2,832	626,517	1,386,004
PBOP	505100	698,578	10,932	3,221	712,732	0
MANAGEMENT FEES-PBOP	534141	0	0	0	0	0
MANAGEMENT FEES-GROUP INS	534140	0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	CALCULATED	CALCULATED	0	0
		0	CALCULATED	CALCULATED	0	0
		0	CALCULATED	CALCULATED	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	CALCULATED	CALCULATED	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	CALCULATED	CALCULATED	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
SUB-TOTAL		1,312,653	20,542	6,053	1,339,248	1,386,004

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 504100  
TITLE GROUP INSURANCE

WORKPAPER: E-GI-1  
DISK NAME  
FILE NAME GROUP INS

RUN DATE 12/09/04  
RUN TIME. 04 39 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	77,369	-
FEB		12,375	-
MAR		61,721	-
APR		65,327	-
MAY		75,756	-
JUN		57,226	-
JUL		71,110	-
AUG		67,525	-
SEP		70,717	-
OCT		64,272	-
NOV		66,126	-
DEC		74,435	763,959
JAN	2003	58,919	745,509
FEB		70,572	803,706
MAR		69,995	811,980
APR		68,692	815,345
MAY		69,888	809,477
JUN		55,857	808,108
JUL		62,027	799,025
AUG		15,545	747,045
SEP		53,917	730,245
OCT		55,496	721,469
NOV		46,243	701,586
DEC		72,082	699,233
JAN	2004	52,295	692,609
FEB		61,123	683,160
MAR		44,459	657,624
APR		57,633	588,932
MAY		69,025	576,677
JUN		44,225	589,845
JUL		58,604	572,043
AUG		52,890	615,102
SEP		45,363	614,075
OCT		0	603,942
NOV		0	557,699
DEC		0	485,617

1,948,809  
=====

50,000  
MATERIALITY  
-----  
AVG BAL. 603,110  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
-15.91%	8.26%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS  
-----  
INFLATION: 1.0156  
CUST GROW. 1 0046

TP BALANCE 614,075

INF INCREASE	9,610
GROW INCREA	2,832

ATTR AMOUNT 626,517  
=====



TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 505100  
TITLE. PBOP

WORKPAPER: E-GI-2  
DISK NAME  
FILE NAME GROUP INS

RUN DATE. 12/09/04  
RUN TIME 04 39 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	57,496	-
FEB		47,397	-
MAR		54,668	-
APR		58,917	-
MAY		46,360	-
JUN		48,868	-
JUL		58,496	-
AUG		25,235	-
SEP		57,819	-
OCT		51,018	-
NOV		32,186	-
DEC		60,464	598,924
JAN	2003	48,031	589,459
FEB		58,250	600,312
MAR		67,563	613,207
APR		59,487	613,777
MAY		59,437	626,854
JUN		53,234	631,220
JUL		75,329	648,053
AUG		75,487	698,304
SEP		75,251	715,736
OCT		58,918	723,636
NOV		51,599	743,049
DEC		65,852	748,437
JAN	2004	53,211	753,617
FEB		83,865	779,232
MAR		61,017	772,686
APR		68,109	781,308
MAY		76,203	798,074
JUN		62,730	807,570
JUL		69,354	801,595
AUG		(12,612)	713,497
SEP		60,332	698,578
OCT		0	639,660
NOV		0	588,061
DEC		0	522,209
		1,869,570	

50,000  
MATERIALITY

AVG BAL: 721,340

OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-2.40%	12.34%

TEST 1 PASSED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE 698,578

INF INCREASE	10,932
GROW INCREA	3,221

ATTR AMOUNT 712,732

```

WORKPAPER  E-PENS0
DISK NAME
FILE NAME   PENSIONS
RUN DATE    12/09/04
RUN TIME    04 43 PM

```

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
EMPLOYEE PENSIONS & BENEFITS A	506100	197,783	0	0	829,731	892,790
SERP EXPENSE	504300	556	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
ACCOUNT TITLE 6	6	0	0	0	0	
ACCOUNT TITLE 7	7	0	0	0	0	
ACCOUNT TITLE 8	8	0	0	0	0	
ACCOUNT TITLE 9	9	0	0	0	0	
ACCOUNT TITLE 10	10	0	0	0	0	
ACCOUNT TITLE 11	11	0	0	0	0	
ACCOUNT TITLE 12	12	0	0	0	0	
ACCOUNT TITLE 13	13	0	0	0	0	
ACCOUNT TITLE 14	14	0	0	0	0	
ACCOUNT TITLE 15	15	0	0	0	0	
ACCOUNT TITLE 16	16	0	0	0	0	
ACCOUNT TITLE 17	17	0	0	0	0	
ACCOUNT TITLE 18	18	0	0	0	0	
ACCOUNT TITLE 19	19	0	0	0	0	
ACCOUNT TITLE 20	20	0	0	0	0	
ACCOUNT TITLE 21	21	0	0	0	0	
ACCOUNT TITLE 22	22	0	0	0	0	
ACCOUNT TITLE 23	23	0	0	0	0	
ACCOUNT TITLE 24	24	0	0	0	0	
ACCOUNT TITLE 25	25	0	0	0	0	
ACCOUNT TITLE 26	26	0	0	0	0	
ACCOUNT TITLE 27	27	0	0	0	0	
ACCOUNT TITLE 28	28	0	0	0	0	
ACCOUNT TITLE 29	29	0	0	0	0	
ACCOUNT TITLE 30	30	0	0	0	0	
TOTAL		198,339	0	0	829,731	892,790

TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER: E-PENS1  
DISK NAME.  
FILE NAME PENSIONS

ACCOUNT # 506100  
TITLE: EMPLOYEE PENSIONS & BENEFITS AG

RUN DATE 12/09/04  
RUN TIME 04 44 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		44,557	-
AUG		41,910	-
SEP		(10,316)	-
OCT		79,193	-
NOV		34,741	-
DEC		37,948	228,033
JAN	2003	28,685	256,718
FEB		42,173	298,891
MAR		42,173	341,064
APR		42,173	383,237
MAY		27,950	411,187
JUN		31,653	442,840
JUL		38,761	437,044
AUG		38,308	433,442
SEP		36,913	480,671
OCT		37,810	439,288
NOV		31,035	435,582
DEC		41,203	438,837
JAN	2004	81,332	491,484
FEB		53,214	502,525
MAR		55,222	515,574
APR		61,183	534,584
MAY		72,269	578,903
JUN		57,145	604,395
JUL		64,581	630,215
AUG		64,059	655,966
SEP		(421,270)	197,783
OCT		0	159,973
NOV		0	128,938
DEC		0	87,735
		754,605	

10,000  
MATERIALITY  
-----  
AVG BAL 424,006  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-80.01%	48.39%

TEST 1 PASSED 1  
TEST 2 FAILED 1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE 197,783

INF INCREASE	3,095
GROW INCREA	912

ATTR AMOUNT 829,731 A/

=====

A/ ACTUARIAL STUDY @ 20.67%  
CAPITALIZATION AND @ 1.83%  
NON UTILITY.

TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER E-PENS2  
DISK NAME  
FILE NAME PENSIONS

ACCOUNT # 504300  
TITLE SERP EXPENSE

RUN DATE 11/17/04  
RUN TIME 11 48 AM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		432	432
MAY		0	432
JUN		0	432
JUL		0	432
AUG		0	432
SEP		0	432
OCT		0	432
NOV		0	432
DEC		0	432
JAN	2004	221	653
FEB		335	988
MAR		0	988
APR		0	556
MAY		0	556
JUN		0	556
JUL		0	556
AUG		0	556
SEP		0	556
OCT		0	556
NOV		0	556
DEC		0	556
		-----	
		988	
		=====	

10,000  
MATERIALITY  
-----  
AVG BAL 636  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

-----	-----
INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE	556
------------	-----

INF INCREASE	9
GROW INCREA	3

ATTR AMOUNT	0
=====	

TN AMERICAN WATER COMPANY  
04-00288  
ATTRITION EXPENSES

AUDITOR

TB

WORKPAPER E-REG0  
DISK NAME.  
FILE NAME REG  
RUN DATE 12/09/04  
RUN TIME 04 47 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
REG COMM AMORT RATE CASE	566100	167,278	0	0	50,000	58,000
REG COMM AMORT DEPR STUDY	566200	6,189	0	0	8,000	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
ACCOUNT TITLE 6	6	0	0	0	0	
ACCOUNT TITLE 7	7	0	0	0	0	
ACCOUNT TITLE 8	8	0	0	0	0	
ACCOUNT TITLE 9	9	0	0	0	0	
ACCOUNT TITLE 10	10	0	0	0	0	
ACCOUNT TITLE 11	11	0	0	0	0	
ACCOUNT TITLE 12	12	0	0	0	0	
ACCOUNT TITLE 13	13	0	0	0	0	
ACCOUNT TITLE 14	14	0	0	0	0	
ACCOUNT TITLE 15	15	0	0	0	0	
ACCOUNT TITLE 16	16	0	0	0	0	
ACCOUNT TITLE 17	17	0	0	0	0	
ACCOUNT TITLE 18	18	0	0	0	0	
ACCOUNT TITLE 19	19	0	0	0	0	
ACCOUNT TITLE 20	20	0	0	0	0	
ACCOUNT TITLE 21	21	0	0	0	0	
ACCOUNT TITLE 22	22	0	0	0	0	
ACCOUNT TITLE 23	23	0	0	0	0	
ACCOUNT TITLE 24	24	0	0	0	0	
ACCOUNT TITLE 25	25	0	0	0	0	
ACCOUNT TITLE 26	26	0	0	0	0	
ACCOUNT TITLE 27	27	0	0	0	0	
ACCOUNT TITLE 28	28	0	0	0	0	
ACCOUNT TITLE 29	29	0	0	0	0	
ACCOUNT TITLE 30	30	0	0	0	0	
TOTAL		173,467	0	0	58,000	58,000

TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER. E-REG1

DISK NAME:

FILE NAME. REG

ACCOUNT #: 566100

TITLE REG COMM AMORT RATE CASE

RUN DATE: 12/09/04

RUN TIME 04:47 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		12,539	12,539
SEP		11,230	23,769
OCT		16,566	40,335
NOV		13,137	53,472
DEC		14,001	67,473
JAN	2004	13,533	81,006
FEB		13,283	94,289
MAR		15,440	109,729
APR		13,553	123,282
MAY		13,553	136,835
JUN		13,553	150,388
JUL		13,553	163,941
AUG		13,553	164,955
SEP		13,553	167,278
OCT		0	150,712
NOV		0	137,575
DEC		0	123,574
		191,047	

10,000  
MATERIALITY  
-----  
AVG BAL 133,630  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
83.15%	20.18%

TEST 1 FAILED 1  
TEST 2 FAILED 1  
  
NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1 0046

TP BALANCE 167,278

INF INCREASE	2,618
GROW INCREA	771

ATTR AMOUNT 50,000 A/

A/ COMPANY WORKPAPERS

TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER E-REG2

DISK NAME

FILE NAME REG

ACCOUNT # 566200

TITLE REG COMM AMORT DEPR STUDY

RUN DATE 12/09/04

RUN TIME 04.47 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		392	392
SEP		617	1,009
OCT		505	1,514
NOV		505	2,019
DEC		553	2,572
JAN	2004	514	3,086
FEB		514	3,600
MAR		514	4,114
APR		514	4,628
MAY		514	5,142
JUN		514	5,656
JUL		514	6,170
AUG		514	6,292
SEP		514	6,189
OCT		0	5,684
NOV		0	5,179
DEC		0	4,626
		7,198	

10,000  
MATERIALITY

AVG BAL: 5,031

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW.	1.0046

TP BALANCE 6,189

INF INCREASE	97
GROW INCREA	29

ATTR AMOUNT 8,000 A/

A/ COMPANY WORKPAPERS

E-OI-0

OTHER INS

12/09/04

04 51 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
MANAGEMENT FEES-INSURANCE OTHEI	534170	0	0	0	0	0
INSURANCE GENERAL LIABILITY	557000	234,552	3,671	1,082	239,304	657,000
INSURANCE WORKMAN'S COMP	558000	167,572	2,622	773	170,967	0
INSURANCE OTHER	559000	257,933	4,036	1,189	263,159	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	CALCULATED	CALCULATED	0	0
		0	CALCULATED	CALCULATED	0	0
		0	CALCULATED	CALCULATED	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	CALCULATED	CALCULATED	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	CALCULATED	CALCULATED	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	TOTAL	TOTAL	673,430	657,000



TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 557000  
TITLE: INSURANCE GENERAL LIABILITY

WORKPAPER E-OI-2  
DISK NAME.  
FILE NAME. OTHER INS

RUN DATE 12/09/04  
RUN TIME. 04 52 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	12,407	-
FEB		25,924	-
MAR		25,924	-
APR		25,924	-
MAY		25,924	-
JUN		56,305	-
JUL		36,118	-
AUG		26,700	-
SEP		35,203	-
OCT		35,203	-
NOV		35,203	-
DEC		(2,036)	338,799
JAN	2003	15,741	342,133
FEB		20,332	336,541
MAR		20,332	330,949
APR		20,316	325,341
MAY		16,522	315,939
JUN		16,522	276,156
JUL		21,444	261,482
AUG		16,522	251,304
SEP		21,522	237,623
OCT		48,821	251,241
NOV		(26,099)	189,939
DEC		19,078	211,053
JAN	2004	14,487	209,799
FEB		21,789	211,256
MAR		21,652	212,576
APR		27,407	219,667
MAY		20,178	223,323
JUN		20,178	226,979
JUL		21,118	226,653
AUG		25,684	235,815
SEP		20,259	234,552
OCT		0	185,731
NOV		0	211,830
DEC		0	192,752
		742,604	

50,000  
MATERIALITY  
-----  
AVG BAL. 215,911  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
-8.67%	6.80%

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1 0046

TP BALANCE	234,552
------------	---------

INF INCREASE	3,671
GROW INCREA	1,082

ATTR AMOUNT	239,304
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-OI-3  
DISK NAME  
FILE NAME OTHER INS

ACCOUNT # 558000  
TITLE INSURANCE WORKMAN'S COMP

RUN DATE 12/09/04  
RUN TIME 04:52 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	25,390	-
FEB		8,212	-
MAR		6,134	-
APR		10,824	-
MAY		6,265	-
JUN		7,048	-
JUL		9,670	-
AUG		4,891	-
SEP		8,464	-
OCT		7,090	-
NOV		715	-
DEC		29,380	124,083
JAN	2003	12,385	111,078
FEB		15,892	118,758
MAR		15,749	128,373
APR		13,942	131,491
MAY		13,937	139,163
JUN		13,250	145,365
JUL		13,833	149,528
AUG		10,150	154,787
SEP		13,758	160,081
OCT		14,421	167,412
NOV		13,611	180,308
DEC		17,565	168,493
JAN	2004	13,790	169,898
FEB		15,261	169,267
MAR		11,381	164,899
APR		13,273	164,230
MAY		15,431	165,724
JUN		11,838	164,312
JUL		13,605	164,084
AUG		13,481	167,415
SEP		13,915	167,572
OCT		0	153,151
NOV		0	139,540
DEC		0	121,975
		414,551	

50,000  
MATERIALITY  
-----  
AVG BAL: 159,339  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
-27 61%	8 71%

TEST 1 PASSED 1  
TEST 2 FAILED 1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE 167,572

INF INCREASE	2,622
GROW INCREA	773

ATTR AMOUNT	170,967
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 559000  
TITLE: INSURANCE OTHER

WORKPAPER E-OI-4  
DISK NAME  
FILE NAME OTHER INS

RUN DATE: 12/09/04  
RUN TIME: 04 53 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	16,538	-
FEB		16,538	-
MAR		16,538	-
APR		13,616	-
MAY		18,134	-
JUN		(399)	-
JUL		13,616	-
AUG		12,688	-
SEP		13,152	-
OCT		13,152	-
NOV		13,152	-
DEC		19,935	166,660
JAN	2003	18,509	168,631
FEB		17,813	169,906
MAR		17,913	171,281
APR		43,903	201,568
MAY		16,727	200,161
JUN		29,524	230,084
JUL		21,089	237,557
AUG		22,320	247,189
SEP		22,320	256,357
OCT		23,180	266,385
NOV		23,180	276,413
DEC		28,579	285,057
JAN	2004	23,180	289,728
FEB		30,296	302,211
MAR		8,636	292,934
APR		20,152	269,183
MAY		20,122	272,578
JUN		20,152	263,206
JUL		20,152	262,269
AUG		20,152	260,101
SEP		20,152	257,933
OCT		0	234,753
NOV		0	211,573
DEC		0	182,994

-----  
634,711  
=====

50,000  
MATERIALITY  
-----  
AVG BAL: 258,289  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-35.80%	12.69%

TEST 1 PASSED 1  
TEST 2 FAILED 1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW.	1.0046

TP BALANCE 257,933

INF INCREASE	4,036
GROW INCREA	1,189

ATTR AMOUNT	263,159
=====	

04 59 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
MATERIALS & SUPPLIES	520100	10,207	160	47	10,414	572,893
		0	0	0	0	0
MISCELLANEOUS OPERATING EXPENSE	575000	16,264	255	75	16,594	0
BANK SERVICE CHARGES	575100	67,419	1,055	311	118,180	0
COLLECTION AGENCIES	575200	34,299	537	158	34,994	0
ELECTRICITY	575320	9,862	154	45	10,062	0
JANITORIAL	575500	5,712	89	26	5,828	0
OFFICE & ADMINISTRATION SUPPLIES	575620	1,554	24	7	1,585	0
POSTAGE	575660	281,882	4,411	1,300	287,593	0
TELEPHONE	575740	31,835	498	147	32,480	0
UNIFORMS	575820	3,882	61	18	3,961	0
CONTRACT SERV MGMT FEE CUST ACCT	534000	0	0	0	0	0
FORMS	575420	27,874	436	129	28,439	0
CELL PHONE	575741	105	2	0	107	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
TOTAL		490,895	7,682	2,264	550,236	572,893

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-CA-1  
DISK NAME  
FILE NAME CUST ACCT.

ACCOUNT #. 520100  
TITLE. MATERIALS & SUPPLIES

RUN DATE: 12/09/04  
RUN TIME 04 59 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	990	-
FEB		786	-
MAR		4,144	-
APR		762	-
MAY		645	-
JUN		3,313	-
JUL		1,511	-
AUG		955	-
SEP		2,462	-
OCT		1,934	-
NOV		494	-
DEC		2,708	20,704
JAN	2003	1,674	21,388
FEB		2,060	22,662
MAR		2,553	21,071
APR		92	20,401
MAY		984	20,740
JUN		1,487	18,914
JUL		2,514	19,917
AUG		2,777	21,739
SEP		232	19,509
OCT		1,918	19,493
NOV		2,604	21,603
DEC		4,214	23,109
JAN	2004	(3,012)	18,423
FEB		1,112	17,475
MAR		42	14,964
APR		656	17,692
MAY		2,164	16,666
JUN		(42)	15,580
JUL		401	13,284
AUG		218	10,439
SEP		(68)	10,207
OCT		0	8,289
NOV		0	5,685
DEC		0	1,471
		45,284	

50,000  
MATERIALITY  
-----  
AVG BAL: 12,515  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

-----	-----
INFLATION:	1.0156
CUST GROW	1.0046

TP BALANCE	10,207
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INF INCREASE	160
GROW INCREA	47

ATTR AMOUNT	10,414
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-CA-3  
DISK NAME.  
FILE NAME CUST ACCT

ACCOUNT # 575000  
TITLE MISCELLANEOUS OPERATING EXPENSE

RUN DATE 12/09/04  
RUN TIME 05 00 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	(1,004)	-
FEB		19,266	-
MAR		30,522	-
APR		(48,885)	-
MAY		773	-
JUN		10	-
JUL		278	-
AUG		2,246	-
SEP		857	-
OCT		820	-
NOV		657	-
DEC		352	5,892
JAN	2003	2,910	9,806
FEB		(1,449)	(10,909)
MAR		881	(40,550)
APR		502	8,837
MAY		23,753	8,064
JUN		477	31,807
JUL		35	32,006
AUG		374	29,795
SEP		128	29,312
OCT		3	28,620
NOV		742	27,966
DEC		23,808	28,356
JAN	2004	(10,398)	49,254
FEB		422	40,305
MAR		0	39,846
APR		(10)	39,846
MAY		161	39,334
JUN		101	15,742
JUL		13	15,379
AUG		1,155	16,499
SEP		139	16,264
OCT		0	16,136
NOV		0	16,133
DEC		0	(8,417)
		49,639	

50,000  
MATERIALITY

AVG BAL: 24,693

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW	1.0046

TP BALANCE 16,264

INF INCREASE	255
GROW INCREA	75

ATTR AMOUNT	16,594
-------------	--------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-CA-4  
DISK NAME  
FILE NAME: CUST. ACCT

ACCOUNT # 575100  
TITLE BANK SERVICE CHARGES

RUN DATE: 12/09/04  
RUN TIME: 05.00 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	5,379	-
FEB		10,703	-
MAR		4,878	-
APR		5,696	-
MAY		13,010	-
JUN		5,092	-
JUL		26,182	-
AUG		(14,506)	-
SEP		5,268	-
OCT		7,713	-
NOV		5,735	-
DEC		5,079	80,229
JAN	2003	6,047	80,897
FEB		6,901	77,095
MAR		10,926	83,143
APR		5,545	82,992
MAY		0	69,982
JUN		11,096	75,986
JUL		5,984	55,788
AUG		0	70,294
SEP		13,396	78,422
OCT		6,872	77,581
NOV		9,000	80,846
DEC		0	75,767
JAN	2004	11,056	80,776
FEB		7,067	80,942
MAR		6,894	76,910
APR		7,441	78,806
MAY		1,850	80,656
JUN		11,743	81,303
JUL		370	75,689
AUG		2,908	78,597
SEP		2,218	67,419
OCT		0	60,547
NOV		0	51,547
DEC		0	51,547
		207,543	

50,000  
MATERIALITY  
-----  
AVG BAL. 72,062  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-31.97%	15.17%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS  
-----  
INFLATION: 1.0156  
CUST GROW 1.0046

TP BALANCE 67,419

INF INCREASE	1,055
GROW INCREA	311

ATTR AMOUNT	68,785
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-CA-5  
DISK NAME.  
FILE NAME CUST ACCT

ACCOUNT # 575200  
TITLE: COLLECTION AGENCIES

RUN DATE 12/09/04  
RUN TIME: 05:00 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,100	-
FEB		2,695	-
MAR		3,750	-
APR		3,644	-
MAY		5,969	-
JUN		2,529	-
JUL		2,562	-
AUG		1,873	-
SEP		4,173	-
OCT		0	-
NOV		2,196	-
DEC		2,113	32,604
JAN	2003	2,114	33,618
FEB		2,174	33,097
MAR		10,688	40,035
APR		3,795	40,186
MAY		2,482	36,699
JUN		3,287	37,457
JUL		3,636	38,531
AUG		4,459	41,117
SEP		4,118	41,062
OCT		4,520	45,582
NOV		4,097	47,483
DEC		0	45,370
JAN	2004	5,280	48,536
FEB		3,724	50,086
MAR		4,050	43,448
APR		3,826	43,479
MAY		1,061	42,058
JUN		4,266	43,037
JUL		1,901	41,302
AUG		812	37,655
SEP		762	34,299
OCT		0	29,779
NOV		0	25,682
DEC		0	25,682
		103,656	

50,000  
MATERIALITY  
-----  
AVG BAL 38,754  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE	34,299
------------	--------

INF INCREASE	537
GROW INCREA	158

ATTR AMOUNT	34,994
=====	



TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-CA-6  
DISK NAME.  
FILE NAME CUST. ACCT

ACCOUNT # 575320  
TITLE. ELECTRICITY

RUN DATE. 12/09/04  
RUN TIME. 05 01 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	879	-
FEB		1,157	-
MAR		2,779	-
APR		883	-
MAY		987	-
JUN		0	-
JUL		0	-
AUG		1,065	-
SEP		1,001	-
OCT		1,077	-
NOV		1,889	-
DEC		(83)	11,634
JAN	2003	(130)	10,625
FEB		747	10,215
MAR		718	8,154
APR		787	8,058
MAY		0	7,071
JUN		916	7,987
JUL		981	8,968
AUG		1,094	8,997
SEP		1,004	9,000
OCT		965	8,888
NOV		916	7,915
DEC		0	7,998
JAN	2004	1,490	9,618
FEB		712	9,583
MAR		615	9,480
APR		679	9,372
MAY		810	10,182
JUN		841	10,107
JUL		916	10,042
AUG		969	9,917
SEP		949	9,862
OCT		0	8,897
NOV		0	7,981
DEC		0	7,981
		27,613	

50,000  
MATERIALITY  
-----  
AVG BAL 9,419  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW.	1.0046

TP BALANCE	9,862
------------	-------

INF INCREASE	154
GROW INCREA	45

ATTR AMOUNT	10,062
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 575500  
TITLE: JANITORIAL

WORKPAPER. E-CA-7  
DISK NAME  
FILE NAME. CUST. ACCT.

RUN DATE: 12/09/04  
RUN TIME: 05.01 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	1,132	-
FEB		566	-
MAR		566	-
APR		566	-
MAY		566	-
JUN		1,091	-
JUL		566	-
AUG		566	-
SEP		566	-
OCT		72	-
NOV		476	-
DEC		476	7,209
JAN	2003	476	6,553
FEB		476	6,463
MAR		476	6,373
APR		476	6,283
MAY		476	6,193
JUN		476	5,578
JUL		476	5,488
AUG		476	5,398
SEP		476	5,308
OCT		476	5,712
NOV		476	5,712
DEC		0	5,236
JAN	2004	952	5,712
FEB		476	5,712
MAR		476	5,712
APR		476	5,712
MAY		476	5,712
JUN		476	5,712
JUL		476	5,712
AUG		476	5,712
SEP		476	5,712
OCT		0	5,236
NOV		0	4,760
DEC		0	4,760
		17,205	

50,000  
MATERIALITY  
-----  
AVG BAL 5,514  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	5,712
------------	-------

INF INCREASE	89
GROW INCREA	26

ATTR AMOUNT	5,828
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-CA-8  
DISK NAME  
FILE NAME. CUST. ACCT.

ACCOUNT #. 575620  
TITLE. OFFICE & ADMINISTRATION SUPPLIES

RUN DATE: 12/09/04  
RUN TIME. 05 01 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,408	-
FEB		0	-
MAR		125	-
APR		100	-
MAY		46	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		177	-
DEC		74	1,930
JAN	2003	0	522
FEB		193	715
MAR		70	660
APR		138	698
MAY		0	652
JUN		0	652
JUL		0	652
AUG		0	652
SEP		0	652
OCT		0	652
NOV		2,708	3,183
DEC		0	3,109
JAN	2004	(1,154)	1,955
FEB		0	1,762
MAR		0	1,692
APR		0	1,554
MAY		0	1,554
JUN		0	1,554
JUL		0	1,554
AUG		0	1,554
SEP		0	1,554
OCT		0	1,554
NOV		0	(1,154)
DEC		0	(1,154)
		3,885	

50,000  
MATERIALITY  
-----  
AVG BAL 1,165  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW.	1.0046

TP BALANCE	1,554
------------	-------

INF INCREASE	24
GROW INCREA	7

ATTR AMOUNT	1,585
-------------	-------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-CA-9  
DISK NAME  
FILE NAME CUST ACCT.

ACCOUNT # 575660  
TITLE POSTAGE

RUN DATE 12/09/04  
RUN TIME: 05.02 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	21,038	-
FEB		19,560	-
MAR		13,622	-
APR		16,347	-
MAY		28,546	-
JUN		12,212	-
JUL		25,390	-
AUG		31,608	-
SEP		22,429	-
OCT		23,820	-
NOV		22,953	-
DEC		22,994	260,519
JAN	2003	17,597	257,078
FEB		21,054	258,572
MAR		27,611	272,561
APR		21,108	277,322
MAY		22,090	270,866
JUN		26,156	284,810
JUL		18,341	277,761
AUG		23,180	269,333
SEP		25,800	272,704
OCT		23,898	272,782
NOV		22,326	272,155
DEC		25,335	274,496
JAN	2004	29,455	286,354
FEB		11,882	277,182
MAR		25,542	275,113
APR		21,782	275,787
MAY		21,921	275,618
JUN		30,426	279,888
JUL		21,842	283,389
AUG		20,866	281,075
SEP		26,607	281,882
OCT		0	257,984
NOV		0	235,658
DEC		0	210,323
		745,338	

50,000  
MATERIALITY  
-----  
AVG BAL: 268,354  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-23.38%	8.20%

TEST 1 PASSED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE	281,882
------------	---------

INF INCREASE	4,411
GROW INCREA	1,300

ATTR AMOUNT	287,593
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 575740  
TITLE. TELEPHONE

WORKPAPER: E-CA-10  
DISK NAME:  
FILE NAME. CUST ACCT

RUN DATE: 12/09/04  
RUN TIME 05.02 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	(186)	-
FEB		3,079	-
MAR		2,724	-
APR		3,478	-
MAY		293	-
JUN		214	-
JUL		8,951	-
AUG		1,252	-
SEP		496	-
OCT		252	-
NOV		734	-
DEC		681	21,968
JAN	2003	0	22,154
FEB		779	19,854
MAR		1,029	18,159
APR		542	15,223
MAY		1,184	16,114
JUN		600	16,500
JUL		28,514	36,063
AUG		6,040	40,851
SEP		3,409	43,764
OCT		3,390	46,902
NOV		2,900	49,068
DEC		3,000	51,387
JAN	2004	3,016	54,403
FEB		3,451	57,075
MAR		3,393	59,439
APR		3,340	62,237
MAY		517	61,570
JUN		734	61,704
JUL		2,104	35,294
AUG		1,939	31,193
SEP		4,051	31,835
OCT		0	28,445
NOV		0	25,545
DEC		0	22,545
		95,900	

50,000  
MATERIALITY  
-----  
AVG BAL. 44,274  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	31,835
------------	--------

INF INCREASE	498
GROW INCREA	147

ATTR AMOUNT	32,480
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 575820  
TITLE UNIFORMS

WORKPAPER: E-CA-11  
DISK NAME:  
FILE NAME: CUST ACCT.

RUN DATE 12/09/04  
RUN TIME. 05 03 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	85	-
FEB		457	-
MAR		364	-
APR		0	-
MAY		104	-
JUN		293	-
JUL		246	-
AUG		207	-
SEP		739	-
OCT		300	-
NOV		464	-
DEC		109	3,368
JAN	2003	464	3,747
FEB		33	3,323
MAR		150	3,109
APR		636	3,745
MAY		150	3,791
JUN		553	4,051
JUL		355	4,160
AUG		328	4,281
SEP		152	3,694
OCT		518	3,912
NOV		0	3,448
DEC		0	3,339
JAN	2004	1,127	4,002
FEB		0	3,969
MAR		945	4,764
APR		151	4,279
MAY		208	4,337
JUN		400	4,184
JUL		368	4,197
AUG		192	4,061
SEP		(27)	3,882
OCT		0	3,364
NOV		0	3,364
DEC		0	3,364
		10,071	

50,000  
MATERIALITY

AVG BAL. 3,981

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE 3,882

INF INCREASE	61
GROW INCREA	18

ATTR AMOUNT 3,961

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-CA-12  
DISK NAME.  
FILE NAME CUST ACCT.

ACCOUNT # 534000  
TITLE CONTRACT SERV. MGMT FEE CUST ACCT.

RUN DATE: 12/09/04  
RUN TIME: 05 03 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
		0	

50,000  
MATERIALITY  
-----  
AVG BAL 0  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1 0156
CUST GROW.	1 0046

TP BALANCE	0
------------	---

INF INCREASE	0
GROW INCREA	0

ATTR AMOUNT	0
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-CA-13  
DISK NAME  
FILE NAME CUST ACCT

ACCOUNT # 575420  
TITLE. FORMS

RUN DATE: 12/09/04  
RUN TIME 05 03 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		594	-
NOV		0	-
DEC		0	594
JAN	2003	0	594
FEB		5,284	5,878
MAR		928	6,806
APR		3,947	10,753
MAY		2,505	13,258
JUN		3,077	16,335
JUL		1,904	18,239
AUG		1,426	19,665
SEP		1,680	21,345
OCT		3,947	24,698
NOV		1,533	26,231
DEC		0	26,231
JAN	2004	3,619	29,850
FEB		2,758	27,324
MAR		1,785	28,181
APR		2,671	26,905
MAY		1,482	25,882
JUN		1,810	24,615
JUL		3,388	26,099
AUG		2,941	27,614
SEP		1,940	27,874
OCT		0	23,927
NOV		0	22,394
DEC		0	22,394
		49,219	

50,000  
MATERIALITY  
-----  
AVG BAL 26,088  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

-----	-----
INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE	27,874
------------	--------

INF INCREASE	436
GROW INCREA	129

ATTR AMOUNT	28,439
=====	



TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-CA-14  
DISK NAME  
FILE NAME CUST ACCT

ACCOUNT # 575741  
TITLE. CELL PHONE

RUN DATE 12/09/04  
RUN TIME: 05.04 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		105	105
APR		0	105
MAY		0	105
JUN		0	105
JUL		0	105
AUG		0	105
SEP		0	105
OCT		0	105
NOV		0	105
DEC		0	105
		105	

50,000  
MATERIALITY  
-----  
AVG BAL: 88  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	105
------------	-----

INF INCREASE	2
GROW INCREA	0

ATTR AMOUNT	107
-------------	-----

AUDITOR	TB	WORKPAPER	E-UNC-0
		DISK NAME	
		FILE NAME	UNC
		RUN DATE	11/17/04
		RUN TIME	11 02 AM

[illegible]

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 570100  
TITLE UNCOLLECTIBLE ACCOUNTS

WORKPAPER. E-UNC-1  
DISK NAME  
FILE NAME UNC

RUN DATE 11/17/04  
RUN TIME 11 02 AM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	25,966	-
FEB		15,066	-
MAR		47,049	-
APR		6,079	-
MAY		26,808	-
JUN		(14,306)	-
JUL		16,366	-
AUG		19,684	-
SEP		64,848	-
OCT		24,463	-
NOV		30,637	-
DEC		5,937	268,597
JAN	2003	21,415	264,046
FEB		47,638	296,618
MAR		31,345	280,914
APR		(9,103)	265,732
MAY		7,596	246,520
JUN		18,944	279,770
JUL		42,509	305,913
AUG		8,752	294,981
SEP		14,367	244,500
OCT		55,933	275,970
NOV		27,651	272,984
DEC		9,899	276,946
JAN	2004	29,258	284,789
FEB		43,116	280,267
MAR		20,812	269,734
APR		26,013	304,850
MAY		46,730	343,984
JUN		51,996	377,036
JUL		93,580	428,107
AUG		21,448	440,803
SEP		89,061	515,497
OCT		0	459,564
NOV		0	431,913
DEC		0	422,014
		967,557	

50,000  
MATERIALITY  
-----  
AVG BAL. 379,880  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
52 38%	20 57%

TEST 1 FAILED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS  
-----  
INFLATION 1 0156  
CUST GROW 1 0046

TP BALANCE 515,497

INF INCREASE 8,067  
GROW INCREA 2,377

ATTR AMOUNT 289,530 A/  
=====

A/ PER COMPANY

TN AMERICAN WATER COMPANY  
04-00288  
ATTRITION EXPENSES

AUDITOR

TB

WORKPAPER E-RENT0-  
DISK NAME  
FILE NAME RENTS  
RUN DATE 12/09/04  
RUN TIME. 05 09 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
MANAGEMENT FEES - RENTS	534190	0	0	0	0	0
RENTS - REAL PROPERTY	541000	1,522	24	7	1,553	0
RENTS - EQUIPMENT	541400	35,614	557	164	36,336	38,286
		0	0	0	0	0
		0	0	0	0	0
ACCOUNT TITLE 6	6	0	0	0	0	
ACCOUNT TITLE 7	7	0	0	0	0	
ACCOUNT TITLE 8	8	0	0	0	0	
ACCOUNT TITLE 9	9	0	0	0	0	
ACCOUNT TITLE 10	10	0	0	0	0	
ACCOUNT TITLE 11	11	0	0	0	0	
ACCOUNT TITLE 12	12	0	0	0	0	
ACCOUNT TITLE 13	13	0	0	0	0	
ACCOUNT TITLE 14	14	0	0	0	0	
ACCOUNT TITLE 15	15	0	0	0	0	
ACCOUNT TITLE 16	16	0	0	0	0	
ACCOUNT TITLE 17	17	0	0	0	0	
ACCOUNT TITLE 18	18	0	0	0	0	
ACCOUNT TITLE 19	19	0	0	0	0	
ACCOUNT TITLE 20	20	0	0	0	0	
ACCOUNT TITLE 21	21	0	0	0	0	
ACCOUNT TITLE 22	22	0	0	0	0	
ACCOUNT TITLE 23	23	0	0	0	0	
ACCOUNT TITLE 24	24	0	0	0	0	
ACCOUNT TITLE 25	25	0	0	0	0	
ACCOUNT TITLE 26	26	0	0	0	0	
ACCOUNT TITLE 27	27	0	0	0	0	
ACCOUNT TITLE 28	28	0	0	0	0	
ACCOUNT TITLE 29	29	0	0	0	0	
ACCOUNT TITLE 30	30	0	0	0	0	
TOTAL		37,136	581	171	37,888	38,286

TN AMERICAN WATER COMPANY TB  
04-00288

ACCOUNT # 541000  
TITLE. RENTS - REAL PROPERTY

WORKPAPER. E-RENT2-  
DISK NAME  
FILE NAME RENTS

RUN DATE 11/16/04  
RUN TIME 04 44 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	620	-
FEB		51	-
MAR		604	-
APR		150	-
MAY		0	-
JUN		223	-
JUL		0	-
AUG		0	-
SEP		75	-
OCT		0	-
NOV		0	-
DEC		0	1,723
JAN	2003	260	1,363
FEB		380	1,692
MAR		0	1,088
APR		0	938
MAY		0	938
JUN		298	1,013
JUL		754	1,767
AUG		0	1,767
SEP		75	1,767
OCT		0	1,767
NOV		0	1,767
DEC		75	1,842
JAN	2004	620	2,202
FEB		529	2,351
MAR		75	2,426
APR		0	2,426
MAY		0	2,426
JUN		148	2,276
JUL		75	1,597
AUG		0	1,597
SEP		0	1,522
OCT		0	1,522
NOV		0	1,522
DEC		0	1,447
		5,012	

10,000  
MATERIALITY  
-----  
AVG BAL 1,943  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

# COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1 0046

TP BALANCE	1,522
------------	-------

INF INCREASE	24
GROW INCREA	7

ATTR AMOUNT	1,553
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TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER: E-RENT3-

DISK NAME:

FILE NAME: RENTS

ACCOUNT #: 541400

TITLE: RENTS - EQUIPMENT

RUN DATE: 12/09/04

RUN TIME: 05.08 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	234	-
FEB		3,142	-
MAR		6,851	-
APR		3,126	-
MAY		3,121	-
JUN		3,142	-
JUL		2,847	-
AUG		3,490	-
SEP		2,847	-
OCT		3,168	-
NOV		3,490	-
DEC		3,418	38,876
JAN	2003	3,361	42,003
FEB		3,168	42,029
MAR		2,889	38,067
APR		0	34,667
MAY		2,847	34,667
JUN		3,168	34,693
JUL		4,056	35,902
AUG		3,168	35,580
SEP		3,413	36,146
OCT		2,903	35,881
NOV		3,168	35,559
DEC		3,168	35,309
JAN	2004	3,394	35,342
FEB		3,168	35,342
MAR		3,403	35,856
APR		3,168	36,177
MAY		3,168	39,345
JUN		3,168	39,345
JUL		570	35,859
AUG		3,168	35,859
SEP		3,168	35,614
OCT		0	32,711
NOV		0	29,543
DEC		0	26,375
		100,560	

10,000  
MATERIALITY

AVG BAL: 34,781

OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIF

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-25.30%	10.19%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTO

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	35,614
------------	--------

INF INCREASE	557
GROW INCREA	164

ATTR AMOUNT	36,336
-------------	--------

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
MATERIALS & SUPPLIES	520100	10,264	161	47	10,472	193,122
MANAGEMENT FEES - GEN OFFICE	534200	0	0	0	0	0
COLLECTION AGENCIES	575002	2,501	39	12	2,552	0
BANK SERVICE CHARGES	575100	10,472	164	48	10,684	0
CREDIT LINE FEES	575260	(12,264)	(192)	(57)	(12,512)	0
DUES/MEMBERSHIPS DEDUCTIBLE	575280	(666)	(10)	(3)	(679)	0
DUES/MEMBERSHIPS NON-DEDUCTIBLE	575281	0	0	0	0	0
ELECTRICITY	575320	11,189	175	52	11,416	0
EMPLOYEE EXPENSES	575340	35,431	554	163	36,149	0
MEALS & TRAVEL NON-DEDUCTIBLE	575351	2,413	38	11	2,462	0
FORMS	575420	2	0	0	2	0
HEAT - OIL/GAS	575480	3,813	60	18	3,890	0
JANITORIAL	575500	6,932	108	32	7,072	0
OFFICE & ADMINISTRATION	575620	1,850	29	9	1,887	0
POSTAGE	575660	2,128	33	10	2,171	0
TELEPHONE	575740	56,682	887	261	57,830	0
TRASH REMOVAL	575780	0	0	0	0	0
WATER & WASTE WATER	575830	3,992	62	18	4,073	0
MEALS & TRAVEL DEDUCTIBLE	575350	2,049	32	9	2,091	0
EMPLOYEE EXPENSES CONF/REGISTR	575342	825	13	4	842	0
CELL PHONE	575741	6,433	101	30	6,563	0
CREDIT LINE FEES	575261	59,879	937	276	61,092	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
		0	0	0	0	0
TOTAL		203,925	3,191	940	208,057	193,122

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 520100  
TITLE MATERIALS & SUPPLIES

WORKPAPER: E-GO-1  
DISK NAME  
FILE NAME: GEN OFFICE

RUN DATE 12/09/04  
RUN TIME: 05.16 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,106	-
FEB		892	-
MAR		(46)	-
APR		117	-
MAY		393	-
JUN		682	-
JUL		814	-
AUG		265	-
SEP		863	-
OCT		478	-
NOV		56	-
DEC		481	6,101
JAN	2003	399	5,394
FEB		425	4,927
MAR		4,410	9,383
APR		509	9,775
MAY		1,229	10,611
JUN		135	10,064
JUL		377	9,627
AUG		301	9,663
SEP		156	8,956
OCT		3,116	11,594
NOV		301	11,839
DEC		6,660	18,018
JAN	2004	(5,211)	12,408
FEB		565	12,548
MAR		1,323	9,461
APR		658	8,952
MAY		1,545	8,381
JUN		81	9,791
JUL		658	9,495
AUG		568	9,852
SEP		662	10,264
OCT		0	7,810
NOV		0	7,509
DEC		0	849

24,968  
=====

50,000  
MATERIALITY  
-----  
AVG BAL 8,943  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1 0046

TP BALANCE	10,264
------------	--------

INF INCREASE	161
GROW INCREA:	47

ATTR AMOUNT	10,472
=====	



TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-GO-3  
DISK NAME.  
FILE NAME GEN OFFICE

ACCOUNT # 575002  
TITLE COLLECTION AGENCIES

RUN DATE. 12/09/04  
RUN TIME 05:16 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	1,587	-
FEB		1,505	-
MAR		322	-
APR		887	-
MAY		354	-
JUN		285	-
JUL		1,033	-
AUG		945	-
SEP		546	-
OCT		474	-
NOV		581	-
DEC		234	8,753
JAN	2003	234	7,400
FEB		1,157	7,052
MAR		(1,288)	5,442
APR		843	5,398
MAY		301	5,345
JUN		211	5,271
JUL		211	4,449
AUG		211	3,715
SEP		211	3,380
OCT		211	3,117
NOV		192	2,728
DEC		(2,000)	494
JAN	2004	2,271	2,531
FEB		406	1,780
MAR		203	3,271
APR		203	2,631
MAY		203	2,533
JUN		203	2,525
JUL		203	2,517
AUG		203	2,509
SEP		203	2,501
OCT		0	2,290
NOV		0	2,098
DEC		0	4,098
		13,345	

50,000  
MATERIALITY  
-----  
AVG BAL: 2,607  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW.	1.0046

TP BALANCE	2,501
------------	-------

INF INCREASE	39
GROW INCREASE	12

ATTR AMOUNT	2,552
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-GO-4  
DISK NAME.  
FILE NAME: GEN OFFICE

ACCOUNT #: 575100  
TITLE: BANK SERVICE CHARGES

RUN DATE: 12/09/04  
RUN TIME: 05.17 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		1,345	-
MAR		309	-
APR		1,777	-
MAY		971	-
JUN		0	-
JUL		(18,858)	-
AUG		20,931	-
SEP		0	-
OCT		1,364	-
NOV		1,325	-
DEC		0	9,164
JAN	2003	0	9,164
FEB		1,610	9,429
MAR		0	9,120
APR		0	7,343
MAY		1,383	7,755
JUN		0	7,755
JUL		0	26,613
AUG		1,371	7,053
SEP		0	7,053
OCT		0	5,689
NOV		1,363	5,727
DEC		1,500	7,227
JAN	2004	3,501	10,728
FEB		1,363	10,481
MAR		(3)	10,478
APR		0	10,478
MAY		0	9,095
JUN		2,748	11,843
JUL		375	12,218
AUG		(375)	10,472
SEP		0	10,472
OCT		0	10,472
NOV		0	9,109
DEC		0	7,609
		24,000	

50,000  
MATERIALITY  
-----  
AVG BAL 10,288  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----	-----
N/A	N/A
TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

-----	-----
INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE	10,472
------------	--------

INF INCREASE	164
GROW INCREASE	48

ATTR AMOUNT	10,684
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-GO-5  
DISK NAME:  
FILE NAME GEN. OFFICE

ACCOUNT # 575260  
TITLE CREDIT LINE FEES

RUN DATE 12/09/04  
RUN TIME 05.17 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	2,159	-
FEB		381	-
MAR		5,485	-
APR		1,370	-
MAY		799	-
JUN		4,609	-
JUL		2,356	-
AUG		6,457	-
SEP		16,527	-
OCT		4,069	-
NOV		5,637	-
DEC		8,566	58,415
JAN	2003	3,491	59,747
FEB		4,466	63,832
MAR		9,389	67,736
APR		3,338	69,704
MAY		5,635	74,540
JUN		8,813	78,744
JUL		1,205	77,593
AUG		4,554	75,690
SEP		2,031	61,194
OCT		7,815	64,940
NOV		(28,495)	30,808
DEC		1,016	23,258
JAN	2004	1,016	20,783
FEB		1,016	17,333
MAR		1,017	8,961
APR		1,016	6,639
MAY		2,644	3,648
JUN		691	(4,474)
JUL		1,342	(4,337)
AUG		(813)	(9,704)
SEP		(529)	(12,264)
OCT		0	(20,079)
NOV		0	8,416
DEC		0	7,400
		89,073	

50,000  
MATERIALITY

AVG BAL 1,860

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW.	1.0046

TP BALANCE (12,264)

INF INCREASE (192)

GROW INCREASE (57)

ATTR AMOUNT (12,512)

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575280  
TITLE. DUES/MEMBERSHIPS DEDUCTIBLE

WORKPAPER: E-GO-6  
DISK NAME:  
FILE NAME. GEN. OFFICE

RUN DATE: 12/09/04  
RUN TIME: 05 18 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	473	-
FEB		0	-
MAR		35	-
APR		238	-
MAY		0	-
JUN		0	-
JUL		188	-
AUG		(573)	-
SEP		0	-
OCT		213	-
NOV		0	-
DEC		0	574
JAN	2003	201	302
FEB		160	462
MAR		0	427
APR		509	698
MAY		0	698
JUN		916	1,614
JUL		188	1,614
AUG		0	2,187
SEP		176	2,363
OCT		220	2,370
NOV		0	2,370
DEC		0	2,370
JAN	2004	(1,106)	1,063
FEB		0	903
MAR		220	1,123
APR		0	614
MAY		0	614
JUN		0	(302)
JUL		0	(490)
AUG		33	(457)
SEP		(33)	(666)
OCT		0	(886)
NOV		0	(886)
DEC		0	(886)
		2,058	

50,000  
MATERIALITY  
-----  
AVG BAL (21)  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSED	1
TEST 2 PASSED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE	(666)
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INF INCREASE	(10)
GROW INCREASE	(3)

ATTR AMOUNT	(679)
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TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-GO-7  
DISK NAME:  
FILE NAME. GEN OFFICE

ACCOUNT # 575281  
TITLE. DUES/MEMBERSHIPS NON-DEDUCTIBLE

RUN DATE. 12/09/04  
RUN TIME. 05:18 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
		0	
		=====	

50,000  
MATERIALITY

AVG BAL: 0

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE 0

INF INCREASE 0

GROW INCREASE 0

ATTR AMOUNT 0

=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 575320  
TITLE ELECTRICITY

WORKPAPER: E-GO-8  
DISK NAME  
FILE NAME. GEN. OFFICE

RUN DATE 12/09/04  
RUN TIME. 05.18 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	879	-
FEB		1,157	-
MAR		2,779	-
APR		883	-
MAY		987	-
JUN		1,001	-
JUL		0	-
AUG		3,333	-
SEP		2,155	-
OCT		1,077	-
NOV		(266)	-
DEC		1,639	15,624
JAN	2003	(130)	14,615
FEB		747	14,205
MAR		718	12,144
APR		787	12,048
MAY		0	11,061
JUN		0	10,060
JUL		981	11,041
AUG		1,094	8,802
SEP		1,004	7,651
OCT		965	7,539
NOV		916	8,721
DEC		935	8,017
JAN	2004	1,514	9,661
FEB		733	9,647
MAR		634	9,563
APR		696	9,472
MAY		1,001	10,473
JUN		879	11,352
JUL		1,005	11,376
AUG		994	11,276
SEP		917	11,189
OCT		0	10,224
NOV		0	9,308
DEC		0	8,373
		32,014	

50,000  
MATERIALITY  
-----  
AVG BAL. 10,160  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE	11,189
------------	--------

INF INCREASE	175
GROW INCREASE	52

ATTR AMOUNT	11,416
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-GO-9  
DISK NAME  
FILE NAME: GEN OFFICE

ACCOUNT # 575340  
TITLE. EMPLOYEE EXPENSES

RUN DATE 12/09/04  
RUN TIME 05.19 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	2,034	-
FEB		1,011	-
MAR		1,088	-
APR		2,319	-
MAY		760	-
JUN		99	-
JUL		349	-
AUG		(509)	-
SEP		327	-
OCT		775	-
NOV		660	-
DEC		200	9,113
JAN	2003	1,721	8,800
FEB		3,103	10,892
MAR		1,027	10,831
APR		1,117	9,629
MAY		1,626	10,495
JUN		607	11,003
JUL		0	10,654
AUG		0	11,163
SEP		0	10,836
OCT		0	10,061
NOV		0	9,401
DEC		0	9,201
JAN	2004	1,163	8,643
FEB		3,058	8,598
MAR		2,613	10,184
APR		2,832	11,899
MAY		2,251	12,524
JUN		10,856	22,773
JUL		0	22,773
AUG		3,302	26,075
SEP		9,356	35,431
OCT		0	35,431
NOV		0	35,431
DEC		0	35,431
		53,745	

50,000  
MATERIALITY

AVG BAL 22,099

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE 35,431

INF INCREASE	554
GROW INCREASE	163

ATTR AMOUNT 36,149

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-GO-10  
DISK NAME  
FILE NAME: GEN OFFICE

ACCOUNT # 575351  
TITLE MEALS & TRAVEL NON-DEDUCTIBLE

RUN DATE: 12/09/04  
RUN TIME 05 19 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	710	-
FEB		1,171	-
MAR		166	-
APR		547	-
MAY		119	-
JUN		260	-
JUL		65	-
AUG		49	-
SEP		114	-
OCT		58	-
NOV		108	-
DEC		108	3,475
JAN	2003	95	2,860
FEB		408	2,097
MAR		0	1,931
APR		127	1,511
MAY		86	1,478
JUN		420	1,638
JUL		442	2,015
AUG		340	2,306
SEP		259	2,451
OCT		194	2,587
NOV		68	2,547
DEC		0	2,439
JAN	2004	139	2,483
FEB		251	2,326
MAR		81	2,407
APR		185	2,465
MAY		97	2,476
JUN		451	2,507
JUL		320	2,385
AUG		243	2,288
SEP		384	2,413
OCT		0	2,219
NOV		0	2,151
DEC		0	2,151
		8,065	

50,000  
MATERIALITY  
-----  
AVG BAL. 2,356  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW	1 0046

TP BALANCE	2,413
------------	-------

INF INCREASE	38
GROW INCREA	11

ATTR AMOUNT	2,462
=====	



TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-GO-11  
DISK NAME  
FILE NAME. GEN. OFFICE

ACCOUNT #: 575420  
TITLE. FORMS

RUN DATE 12/09/04  
RUN TIME 05.19 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		274	-
APR		0	-
MAY		336	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		470	-
OCT		0	-
NOV		0	-
DEC		0	1,080
JAN	2003	0	1,080
FEB		0	1,080
MAR		0	806
APR		0	806
MAY		0	470
JUN		0	470
JUL		0	470
AUG		0	470
SEP		0	0
OCT		0	0
NOV		2	2
DEC		0	2
JAN	2004	0	2
FEB		0	2
MAR		0	2
APR		0	2
MAY		0	2
JUN		0	2
JUL		0	2
AUG		0	2
SEP		0	2
OCT		0	2
NOV		0	0
DEC		0	0
		1,082	

50,000  
MATERIALITY  
-----  
AVG BAL: 2  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A
TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS  
-----  
INFLATION. 1 0156  
CUST GROW 1.0046

TP BALANCE 0  
  
INF INCREASE 0  
GROW INCREASE 0  
-----  
ATTR AMOUNT 0  
=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575480  
TITLE HEAT - OIL/GAS

WORKPAPER. E-GO-12  
DISK NAME  
FILE NAME GEN. OFFICE

RUN DATE 12/09/04  
RUN TIME. 05:20 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	134	-
FEB		125	-
MAR		79	-
APR		83	-
MAY		40	-
JUN		27	-
JUL		22	-
AUG		16	-
SEP		5	-
OCT		16	-
NOV		27	-
DEC		280	854
JAN	2003	775	1,495
FEB		1,138	2,508
MAR		820	3,249
APR		571	3,737
MAY		160	3,857
JUN		120	3,950
JUL		134	4,062
AUG		62	4,108
SEP		21	4,124
OCT		26	4,134
NOV		114	4,221
DEC		0	3,941
JAN	2004	1,253	4,419
FEB		1,119	4,400
MAR		1,081	4,661
APR		97	4,187
MAY		50	4,077
JUN		3	3,960
JUL		28	3,854
AUG		22	3,814
SEP		20	3,813
OCT		0	3,787
NOV		0	3,673
DEC		0	3,673
		8,468	
		=====	

50,000  
MATERIALITY  
-----  
AVG BAL 4,027  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	3,813
------------	-------

INF INCREASE	60
GROW INCREASE	18

ATTR AMOUNT	3,890
	=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575500  
TITLE: JANITORIAL

WORKPAPER. E-GO-13  
DISK NAME  
FILE NAME GEN OFFICE

RUN DATE 12/09/04  
RUN TIME 05 20 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	1,409	-
FEB		1,292	-
MAR		620	-
APR		3,965	-
MAY		566	-
JUN		632	-
JUL		590	-
AUG		780	-
SEP		566	-
OCT		1,574	-
NOV		492	-
DEC		513	12,999
JAN	2003	753	12,343
FEB		476	11,527
MAR		476	11,383
APR		550	7,968
MAY		1,141	8,543
JUN		476	8,387
JUL		476	8,273
AUG		476	7,969
SEP		476	7,879
OCT		551	6,856
NOV		476	6,840
DEC		0	6,327
JAN	2004	1,150	6,724
FEB		476	6,724
MAR		631	6,879
APR		508	6,837
MAY		595	6,291
JUN		1,117	6,932
JUL		500	6,956
AUG		476	6,956
SEP		452	6,932
OCT		0	6,381
NOV		0	5,905
DEC		0	5,905
		25,231	

50,000  
MATERIALITY  
-----  
AVG BAL 6,619  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE	6,932
------------	-------

INF INCREASE	108
GROW INCREA:	32

ATTR AMOUNT	7,072
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575620  
TITLE: OFFICE & ADMINISTRATION

WORKPAPER: E-GO-14  
DISK NAME.  
FILE NAME GEN. OFFICE

RUN DATE 12/09/04  
RUN TIME 05 20 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	702	-
FEB		699	-
MAR		691	-
APR		661	-
MAY		165	-
JUN		42	-
JUL		543	-
AUG		390	-
SEP		1,131	-
OCT		32	-
NOV		236	-
DEC		495	5,787
JAN	2003	0	5,085
FEB		64	4,450
MAR		467	4,226
APR		424	3,989
MAY		1,056	4,880
JUN		253	5,091
JUL		973	5,521
AUG		1,283	6,414
SEP		235	5,518
OCT		185	5,671
NOV		122	5,557
DEC		0	5,062
JAN	2004	368	5,430
FEB		109	5,475
MAR		176	5,184
APR		380	5,140
MAY		218	4,302
JUN		6	4,055
JUL		262	3,344
AUG		(31)	2,030
SEP		55	1,850
OCT		0	1,665
NOV		0	1,543
DEC		0	1,543
		12,392	

50,000  
MATERIALITY  
-----  
AVG BAL. 3,463  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW:	1.0046

TP BALANCE	1,850
------------	-------

INF INCREASE	29
GROW INCREASE	9

ATTR AMOUNT	1,887
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-GO-15  
DISK NAME.  
FILE NAME. GEN. OFFICE

ACCOUNT # 575660  
TITLE POSTAGE

RUN DATE 12/09/04  
RUN TIME 05 21 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	75	-
FEB		146	-
MAR		411	-
APR		362	-
MAY		405	-
JUN		546	-
JUL		167	-
AUG		316	-
SEP		134	-
OCT		0	-
NOV		131	-
DEC		200	2,893
JAN	2003	21	2,839
FEB		511	3,204
MAR		199	2,992
APR		527	3,157
MAY		80	2,832
JUN		292	2,578
JUL		447	2,858
AUG		124	2,666
SEP		260	2,792
OCT		100	2,892
NOV		215	2,976
DEC		0	2,776
JAN	2004	398	3,153
FEB		147	2,789
MAR		207	2,797
APR		56	2,326
MAY		132	2,378
JUN		289	2,375
JUL		110	2,038
AUG		231	2,145
SEP		243	2,128
OCT		0	2,028
NOV		0	1,813
DEC		0	1,813
		7,482	

50,000  
MATERIALITY  
-----  
AVG BAL. 2,315  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEL	1
TEST 2 PASSEL	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW.	1.0046

TP BALANCE	2,128
------------	-------

INF INCREASE	33
GROW INCREASE	10

ATTR AMOUNT	2,171
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575740  
TITLE TELEPHONE

WORKPAPER E-GO-16  
DISK NAME  
FILE NAME GEN OFFICE

RUN DATE 12/09/04  
RUN TIME 05 21 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	6,248	-
FEB		6,921	-
MAR		12,902	-
APR		11,344	-
MAY		10,105	-
JUN		9,581	-
JUL		3,735	-
AUG		11,890	-
SEP		10,295	-
OCT		10,927	-
NOV		14,624	-
DEC		12,494	121,066
JAN	2003	11,033	125,851
FEB		10,008	128,938
MAR		31,666	147,702
APR		(551)	135,807
MAY		16,981	142,683
JUN		14,139	147,241
JUL		(14,099)	129,407
AUG		8,912	126,429
SEP		7,982	124,116
OCT		5,593	118,782
NOV		6,907	111,065
DEC		8,160	106,731
JAN	2004	(11,734)	83,964
FEB		5,367	79,323
MAR		5,993	53,650
APR		7,843	62,044
MAY		4,708	49,771
JUN		7,340	42,972
JUL		5,601	62,672
AUG		3,929	57,689
SEP		6,975	56,682
OCT		0	51,089
NOV		0	44,182
DEC		0	36,022
		263,819	

50,000  
MATERIALITY  
-----  
AVG BAL. 56,672  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-66 25%	23 79%

TEST 1 PASSEC	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW.	1.0046

TP BALANCE	56,682
------------	--------

INF INCREASE	887
GROW INCREASE	261

ATTR AMOUNT	57,830
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #. 575830  
TITLE WATER & WASTE WATER

WORKPAPER. E-GO-18  
DISK NAME  
FILE NAME. GEN. OFFICE

RUN DATE. 12/09/04  
RUN TIME. 05 22 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,629	-
FEB		1,582	-
MAR		1,505	-
APR		1,510	-
MAY		1,669	-
JUN		1,599	-
JUL		1,505	-
AUG		1,958	-
SEP		1,735	-
OCT		1,567	-
NOV		1,754	-
DEC		1,548	19,561
JAN	2003	1,812	19,744
FEB		1,736	19,898
MAR		1,416	19,809
APR		1,262	19,561
MAY		1,262	19,154
JUN		0	17,555
JUL		2,347	18,397
AUG		1,254	17,693
SEP		837	16,795
OCT		438	15,666
NOV		318	14,230
DEC		0	12,682
JAN	2004	954	11,824
FEB		0	10,088
MAR		0	8,672
APR		201	7,611
MAY		457	6,806
JUN		279	7,085
JUL		470	5,208
AUG		441	4,395
SEP		434	3,992
OCT		0	3,554
NOV		0	3,236
DEC		0	3,236
		35,479	

50,000  
MATERIALITY

AVG BAL 6,309

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW.	1 0046

TP BALANCE 3,992

INF INCREASE	62
GROW INCREA:	18

ATTR AMOUNT 4,073

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-GO-19  
DISK NAME  
FILE NAME. GEN OFFICE

ACCOUNT # 575350  
TITLE MEALS & TRAVEL DEDUCTIBLE

RUN DATE 12/09/04  
RUN TIME 05 22 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		19	-
MAY		119	-
JUN		232	-
JUL		55	-
AUG		49	-
SEP		104	-
OCT		211	-
NOV		108	-
DEC		129	1,026
JAN	2003	94	1,120
FEB		408	1,528
MAR		0	1,528
APR		86	1,595
MAY		127	1,603
JUN		420	1,791
JUL		470	2,206
AUG		340	2,497
SEP		259	2,652
OCT		194	2,635
NOV		68	2,595
DEC		0	2,466
JAN	2004	107	2,479
FEB		251	2,322
MAR		81	2,403
APR		185	2,502
MAY		78	2,453
JUN		454	2,487
JUL		0	2,017
AUG		118	1,795
SEP		513	2,049
OCT		0	1,855
NOV		0	1,787
DEC		0	1,787
		5,279	

50,000  
MATERIALITY  
-----  
AVG BAL 2,161  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE	2,049
------------	-------

INF INCREASE	32
GROW INCREA:	9

ATTR AMOUNT	2,091
=====	



TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575342  
TITLE EMPLOYEE EXPENSES CONF/REGISTR

WORKPAPER E-GO-20  
DISK NAME  
FILE NAME: GEN. OFFICE

RUN DATE. 12/09/04  
RUN TIME 05:23 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		460	-
NOV		0	-
DEC		0	460
JAN	2003	0	460
FEB		0	460
MAR		0	460
APR		0	460
MAY		0	460
JUN		210	670
JUL		0	670
AUG		0	670
SEP		0	670
OCT		0	210
NOV		0	210
DEC		0	210
JAN	2004	0	210
FEB		0	210
MAR		0	210
APR		0	210
MAY		775	985
JUN		50	825
JUL		0	825
AUG		0	825
SEP		0	825
OCT		0	825
NOV		0	825
DEC		0	825
		1,495	

50,000  
MATERIALITY

AVG BAL: 633

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1 0156
CUST GROW	1 0046

TP BALANCE 825

INF INCREASE	13
GROW INCREASE	4

ATTR AMOUNT 842

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 575741  
TITLE CELL PHONE

WORKPAPER: E-GO-21  
DISK NAME  
FILE NAME GEN OFFICE  
RUN DATE 12/09/04  
RUN TIME 05 23 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		44	-
DEC		0	44
JAN	2003	0	44
FEB		0	44
MAR		0	44
APR		0	44
MAY		0	44
JUN		0	44
JUL		0	44
AUG		0	44
SEP		0	44
OCT		0	44
NOV		0	0
DEC		600	600
JAN	2004	(600)	0
FEB		0	0
MAR		573	573
APR		1,792	2,365
MAY		150	2,515
JUN		(30)	2,485
JUL		43	2,528
AUG		2,193	4,721
SEP		1,712	6,433
OCT		0	6,433
NOV		0	6,433
DEC		0	5,833
		6,477	

50,000  
MATERIALITY  
-----  
AVG BAL 3,360  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW:	1 0046

TP BALANCE	6,433
------------	-------

INF INCREASE	101
GROW INCREA:	30

ATTR AMOUNT	6,563
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #. 575261  
TITLE CREDIT LINE FEES

WORKPAPER: E-GO-22  
DISK NAME  
FILE NAME GEN OFFICE

RUN DATE 12/09/04  
RUN TIME 05.23 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		31,747	31,747
DEC		1,390	33,137
JAN	2004	(67)	33,070
FEB		11,453	44,523
MAR		(125)	44,398
APR		1,226	45,624
MAY		3,648	49,272
JUN		499	49,771
JUL		2,045	51,816
AUG		1,301	53,117
SEP		6,762	59,879
OCT		0	59,879
NOV		0	28,132
DEC		0	26,742
		59,879	

50,000  
MATERIALITY

AVG BAL. 45,519

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEC	1
TEST 2 PASSEC	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW.	1.0046

TP BALANCE 59,879

INF INCREASE	937
GROW INCREASE	276

ATTR AMOUNT 61,092

TENN AMER WATER COMPANY  
04-00288  
ATTRITION EXPENSES

AUDITOR

TB

WORKPAPER E-MISCO  
DISK NAME  
FILE NAME  
RUN DATE 12/10/04  
RUN TIME 12 55 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
OTHER WELFARE EXPENSE	504500	14,513	227	67	14,807	1,661,970
EMPLOYEE AWARDS	504610	22,591	354	104	23,049	0
EMPLOYEE PHYSICAL EXAMS	504620	1,105	17	5	1,127	0
TUITION AID	504660	12,748	199	59	13,006	0
TRAINING	504670	21,719	333	98	22,151	0
401 K	507100	73,160	1,145	337	94,262	0
ESOP	508100	35,816	560	165	36,542	0
MATERIALS & SUPPLIES	520100	103,577	1,621	478	105,676	0
CONTRACT SERVICES - ACCOUNTING	532000	21,798	341	101	22,240	0
CONTRACT SERVICES - LEGAL	533000	48,837	436	128	49,401	0
CONTRACT SERVICES - MNGT FEES	534000	0	0	0	0	0
MANAGEMENT FEES - 401 K	534210	0	0	0	0	0
CONTRACT SERVICES - OTHER	535000	322,347	5,045	1,487	328,878	0
CONTRACT SERVICES - TEMP EMP	535001	0	CALCULATED	CALCULATED	0	0
CONTRACT SERVICES - LAB TESTING	536000	438	7	2	447	0
TRANSPORTATION	550000	263,721	4,127	1,216	269,064	0
MISCELLANEOUS OPERATING EXP	575000	287,028	4,492	1,324	292,843	0
ADVERTISING	575030	22,335	350	103	22,788	0
COMMUNITY RELATIONS	575220	21,000	16	5	21,020	0
COMPANY DUES/DEDUCTIBLE	575240	19,492	305	90	19,887	0
COMPANY DUES/NON-DEDUCTIBLE	575241	0	0	0	0	0
COMPANY DUES/DEDUCTIBLE AWWA	575242	10,733	168	49	10,950	0
DIRECTORS FEES	575270	7,750	121	36	7,907	0
DIRECTORS EXPENSES	575271	(1,084)	(17)	(5)	(1,106)	0
ELECTRICITY	575320	51,618	808	238	52,664	0
IEAT - OIL/GAS	575480	7,881	123	36	8,041	0
INJURIES & DAMAGES	575490	(391)	(6)	(2)	(399)	0
JANITORIAL	575500	18,171	284	84	18,539	0
LAB SUPPLIES	575545	35,111	549	162	35,822	0
LOBBYING EXPENSES	575560	0	0	0	0	0
OFFICE & ADMINISTRATION	575620	5,690	89	26	5,805	0
OVERNIGHT SHIPPING	575625	4,112	64	19	4,195	0
RESEARCH & DEVELOPMENT	575680	17,880	280	82	18,242	0
TELEPHONE	575740	28,924	453	133	29,510	0
TRASH REMOVAL	575780	4,204	66	19	4,289	0
TRUSTEE FEES	575790	3,321	52	15	3,388	0
UNIFORMS	575820	3,307	52	15	3,374	0
PURCHASING CARD	575998	5,665	89	26	5,780	0
CONTRACT SERV MNGT FEE	534213	0	0	0	0	0
SECURITY SERVICE	575710	162,571	2,544	750	165,865	0
SOFTWARE LICENSES & SUPPORT	575715	30	0	0	31	0
GROUNDKEEPING	575460	0	CALCULATED	CALCULATED	0	0
PENALTIES NON-DEDUCTIBLE	575640	114	CALCULATED	CALCULATED	114	0
TRANSPORTATION LEASE COST	550001	1,822	29	8	1,859	0
TRANSPORTATION LEASE MAINT	550003	4,373	68	20	4,462	0
CELL PHONE	575741	1,254	20	6	1,279	0
DISCOUNTS AVAILABLE	575275	(3,224)	(50)	(15)	(3,289)	0
DISCOUNTS LOST	575276	917	14	4	936	0
SAFETY INCENTIVE	504640	40	1	0	41	0
TOTAL		1,663,014	25,375	7,477	1,715,487	1,661,970

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 504500  
TITLE OTHER WELFARE EXPENSE

WORKPAPER. E-MISC1  
DISK NAME.  
FILE NAME. MISC. EXP.

RUN DATE. 12/09/04  
RUN TIME 05.51 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	2,511	-
FEB		538	-
MAR		3,550	-
APR		3,384	-
MAY		511	-
JUN		0	-
JUL		433	-
AUG		784	-
SEP		1,180	-
OCT		784	-
NOV		0	-
DEC		1,029	14,704
JAN	2003	0	12,193
FEB		459	12,114
MAR		6,431	14,995
APR		50	11,661
MAY		432	11,582
JUN		639	12,221
JUL		(5,208)	6,580
AUG		577	6,373
SEP		3,609	8,802
OCT		0	8,018
NOV		590	8,608
DEC		3,383	10,962
JAN	2004	(3,214)	7,748
FEB		7	7,296
MAR		97	962
APR		10,045	10,957
MAY		478	11,003
JUN		(4,861)	5,503
JUL		1,547	12,258
AUG		850	12,531
SEP		5,591	14,513
OCT		0	14,513
NOV		0	13,923
DEC		0	10,540

36,206  
=====

50,000  
MATERIALITY

AVG BAL 10,146

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7 00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1 0156
CUST GROW	1.0046

TP BALANCE 14,513

INF INCREASE 227

GROW INCREA 67

ATTR AMOUNT 14,807  
=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 504610  
TITLE EMPLOYEE AWARDS

WORKPAPER. E-MISC2  
DISK NAME  
FILE NAME MISC EXP

RUN DATE 12/09/04  
RUN TIME 05 51 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	349	-
FEB		753	-
MAR		1,857	-
APR		1,127	-
MAY		679	-
JUN		0	-
JUL		824	-
AUG		125	-
SEP		599	-
OCT		0	-
NOV		4,470	-
DEC		11,074	21,857
JAN	2003	3,348	24,856
FEB		1,709	25,812
MAR		715	24,670
APR		946	24,489
MAY		0	23,810
JUN		1,713	25,523
JUL		1,832	26,531
AUG		415	26,821
SEP		5,464	31,686
OCT		911	32,597
NOV		3,443	31,570
DEC		0	20,496
JAN	2004	12,713	29,861
FEB		382	28,534
MAR		87	27,906
APR		0	26,960
MAY		952	27,912
JUN		771	26,970
JUL		50	25,188
AUG		0	24,773
SEP		3,282	22,591
OCT		0	21,680
NOV		0	18,237
DEC		0	18,237
		60,590	

50,000  
MATERIALITY

AVG BAL 24,904

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW.	1.0046

TP BALANCE 22,591

INF INCREASE	354
GROW INCREA	104

ATTR AMOUNT 23,049

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 504620  
TITLE: EMPLOYEE PHYSICAL EXAMS

WORKPAPER E-MISC3  
DISK NAME  
FILE NAME MISC EXP

RUN DATE 12/09/04  
RUN TIME. 05.52 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,479	-
FEB		(452)	-
MAR		0	-
APR		147	-
MAY		4,514	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		1,030	-
OCT		0	-
NOV		36	-
DEC		0	6,754
JAN	2003	139	5,414
FEB		15	5,881
MAR		0	5,881
APR		3,594	9,328
MAY		0	4,814
JUN		0	4,814
JUL		0	4,814
AUG		0	4,814
SEP		0	3,784
OCT		169	3,953
NOV		186	4,103
DEC		0	4,103
JAN	2004	0	3,964
FEB		490	4,439
MAR		0	4,439
APR		0	845
MAY		1,012	1,857
JUN		(1,012)	845
JUL		52	897
AUG		0	897
SEP		208	1,105
OCT		0	936
NOV		0	750
DEC		0	750
		-----	
		11,607	
		=====	

50,000  
MATERIALITY  
-----  
AVG BAL 1,810  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

# COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW.	1 0046

TP BALANCE	1,105
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INF INCREASE	17
GROW INCREA	5

ATTR AMOUNT	1,127
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 504660  
TITLE TUITION AID

WORKPAPER: E-MISC4  
DISK NAME.  
FILE NAME MISC EXP.

RUN DATE: 12/09/04  
RUN TIME: 05:52 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	806	-
FEB		0	-
MAR		2,050	-
APR		0	-
MAY		178	-
JUN		0	-
JUL		0	-
AUG		1,538	-
SEP		(398)	-
OCT		0	-
NOV		0	-
DEC		6,848	11,022
JAN	2003	(45)	10,171
FEB		4,150	14,321
MAR		(2,189)	10,082
APR		0	10,082
MAY		0	9,904
JUN		1,772	11,676
JUL		0	11,676
AUG		0	10,138
SEP		3,104	13,640
OCT		1,853	15,493
NOV		0	15,493
DEC		0	8,645
JAN	2004	2,922	11,612
FEB		359	7,821
MAR		3,495	13,505
APR		0	13,505
MAY		3,131	16,636
JUN		0	14,864
JUL		0	14,864
AUG		750	15,614
SEP		238	12,748
OCT		0	10,895
NOV		0	10,895
DEC		0	10,895
		30,562	

50,000  
MATERIALITY

AVG BAL. 12,821

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE 12,748

INF INCREASE	199
GROW INCREA	59

ATTR AMOUNT	13,006
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TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC5  
DISK NAME:  
FILE NAME: MISC EXP

ACCOUNT #. 504670  
TITLE TRAINING

RUN DATE 12/09/04  
RUN TIME 05 52 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	21	-
FEB		2,394	-
MAR		0	-
APR		924	-
MAY		480	-
JUN		159	-
JUL		0	-
AUG		2,316	-
SEP		5	-
OCT		342	-
NOV		648	-
DEC		0	7,289
JAN	2003	(284)	6,984
FEB		719	5,309
MAR		800	6,109
APR		197	5,382
MAY		540	5,442
JUN		1,712	6,995
JUL		0	6,995
AUG		0	4,679
SEP		0	4,674
OCT		2,043	6,375
NOV		1,447	7,174
DEC		16,598	23,772
JAN	2004	(321)	23,735
FEB		401	23,417
MAR		1,029	23,646
APR		(559)	22,890
MAY		350	22,700
JUN		(110)	20,878
JUL		630	21,508
AUG		(62)	21,446
SEP		(158)	21,288
OCT		0	19,245
NOV		0	17,798
DEC		0	1,200
		32,261	

50,000  
MATERIALITY

AVG BAL. 19,979

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1 0046

TP BALANCE 21,288

INF INCREASE	333
GROW INCREA	98

ATTR AMOUNT 21,719

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 507100  
TITLE 401 K

WORKPAPER E-MISC6  
DISK NAME  
FILE NAME MISC EXP.

RUN DATE 12/09/04  
RUN TIME 05 53 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	8,514	-
FEB		7,617	-
MAR		7,110	-
APR		8,561	-
MAY		8,369	-
JUN		7,149	-
JUL		7,872	-
AUG		8,284	-
SEP		7,500	-
OCT		7,253	-
NOV		7,012	-
DEC		7,190	92,431
JAN	2003	6,462	90,379
FEB		6,893	89,655
MAR		6,716	89,261
APR		6,628	87,328
MAY		6,530	85,489
JUN		9,579	87,919
JUL		6,247	86,294
AUG		6,238	84,248
SEP		6,100	82,848
OCT		5,882	81,477
NOV		4,535	79,000
DEC		9,100	80,910
JAN	2004	5,284	79,732
FEB		5,782	78,621
MAR		8,673	80,578
APR		5,510	79,460
MAY		4,602	77,532
JUN		7,828	75,781
JUL		5,826	75,360
AUG		5,233	74,355
SEP		4,905	73,160
OCT		0	67,278
NOV		0	62,743
DEC		0	53,643
		226,984	

50,000  
MATERIALITY  
-----  
AVG BAL: 73,187  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7 00%
-----	-----
-33.70%	10 61%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1 0156
CUST GROW	1 0046

TP BALANCE	73,160
------------	--------

INF INCREASE	1,145
GROW INCREA	337

ATTR AMOUNT	74,642
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TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 508100  
TITLE ESOP

WORKPAPER E-MISC7  
DISK NAME.  
FILE NAME. MISC EXP.

RUN DATE 12/09/04  
RUN TIME. 05 53 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	3,302	-
FEB		3,137	-
MAR		3,159	-
APR		4,726	-
MAY		3,237	-
JUN		3,194	-
JUL		3,116	-
AUG		4,753	-
SEP		3,294	-
OCT		3,421	-
NOV		3,304	-
DEC		3,364	42,007
JAN	2003	3,194	41,899
FEB		3,270	42,032
MAR		3,179	42,052
APR		3,132	40,458
MAY		3,146	40,367
JUN		4,629	41,802
JUL		2,874	41,560
AUG		3,216	40,023
SEP		2,983	39,712
OCT		3,091	39,382
NOV		2,198	38,276
DEC		5,200	40,112
JAN	2004	1,956	38,874
FEB		2,806	38,410
MAR		4,296	39,527
APR		2,701	39,096
MAY		2,272	38,222
JUN		3,818	37,411
JUL		2,862	37,399
AUG		2,438	36,621
SEP		2,178	35,816
OCT		0	32,725
NOV		0	30,527
DEC		0	25,327
		107,446	

50,000  
MATERIALITY  
-----  
AVG BAL: 35,830  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW	1.0046

TP BALANCE	35,816
------------	--------

INF INCREASE	560
GROW INCREA	165

ATTR AMOUNT	36,542
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC8  
DISK NAME  
FILE NAME MISC EXP

ACCOUNT # 520100  
TITLE MATERIALS & SUPPLIES

RUN DATE 12/09/04  
RUN TIME 05 53 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,984	-
FEB		5,603	-
MAR		9,156	-
APR		3,417	-
MAY		(1,805)	-
JUN		4,402	-
JUL		3,092	-
AUG		42,657	-
SEP		(5,848)	-
OCT		11,391	-
NOV		4,365	-
DEC		2,958	81,372
JAN	2003	5,717	85,105
FEB		4,991	84,493
MAR		5,127	80,464
APR		2,214	79,261
MAY		4,445	85,511
JUN		2,082	83,191
JUL		3,615	83,714
AUG		57,987	99,044
SEP		1,525	106,417
OCT		8,892	103,918
NOV		3,669	103,222
DEC		0	100,264
JAN	2004	9,546	104,093
FEB		7,604	106,706
MAR		4,484	106,063
APR		3,250	107,099
MAY		4,664	107,318
JUN		6,372	111,608
JUL		3,431	111,424
AUG		53,625	107,062
SEP		(1,960)	103,577
OCT		0	94,685
NOV		0	91,016
DEC		0	91,016
		272,652	

50,000  
MATERIALITY  
-----  
AVG BAL 103,472  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
-9 22%	6 69%

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1 0156
CUST GROW	1.0046

TP BALANCE	103,577
------------	---------

INF INCREASE	1,621
GROW INCREA	478

ATTR AMOUNT	105,676
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 532000  
TITLE: CONTRACT SERVICES - ACCOUNTING

WORKPAPER E-MISC9  
DISK NAME.  
FILE NAME MISC EXP

RUN DATE 12/09/04  
RUN TIME 05 54 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,775	-
FEB		0	-
MAR		3,549	-
APR		1,775	-
MAY		1,775	-
JUN		2,589	-
JUL		1,775	-
AUG		559	-
SEP		1,167	-
OCT		1,167	-
NOV		1,167	-
DEC		1,167	18,465
JAN	2003	1,167	17,857
FEB		1,226	19,083
MAR		1,226	16,760
APR		0	14,985
MAY		2,451	15,661
JUN		1,226	14,298
JUL		6,952	19,475
AUG		1,226	20,142
SEP		1,226	20,201
OCT		1,226	20,260
NOV		1,226	20,319
DEC		1,700	20,852
JAN	2004	3,092	22,777
FEB		1,560	23,111
MAR		895	22,780
APR		1,554	24,334
MAY		1,979	23,862
JUN		3,056	25,692
JUL		1,639	20,379
AUG		1,554	20,707
SEP		2,317	21,798
OCT		0	20,572
NOV		0	19,346
DEC		0	17,646
		56,963	

50,000  
MATERIALITY  
-----  
AVG BAL: 21,917  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW	1 0046

TP BALANCE	21,798
------------	--------

INF INCREASE	341
GROW INCREA	101

ATTR AMOUNT	22,240
=====	

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 533000  
TITLE CONTRACT SERVICES - LEGAL

WORKPAPER. E-MISC10  
DISK NAME.  
FILE NAME: MISC EXP.

RUN DATE 12/09/04  
RUN TIME 05.54 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	10,647	-
FEB		594	-
MAR		1,145	-
APR		1,885	-
MAY		2,964	-
JUN		2,869	-
JUL		670	-
AUG		1,202	-
SEP		3,116	-
OCT		(355)	-
NOV		16,922	-
DEC		4,241	45,900
JAN	2003	724	35,977
FEB		6,693	42,076
MAR		3,381	44,312
APR		10,318	52,745
MAY		(10,875)	38,906
JUN		1,601	37,638
JUL		162	37,130
AUG		0	35,928
SEP		372	33,184
OCT		108	33,647
NOV		15,938	32,663
DEC		3,900	32,322
JAN	2004	20,997	52,595
FEB		0	45,902
MAR		6,326	48,847
APR		0	38,529
MAY		700	50,104
JUN		0	48,503
JUL		379	48,720
AUG		477	49,197
SEP		12	48,837
OCT		0	48,729
NOV		0	32,791
DEC		0	28,891
		107,113	
		=====	

50,000  
MATERIALITY

AVG BAL 45,137

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE 27,840 A/

INF INCREASE	436
GROW INCREA	128

ATTR AMOUNT 28,404  
=====

A/ Decreased Test Period Amount  
by \$20,997 deemed as non-recurring  
per TAWC response to CAPD request  
#54

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 535000  
TITLE CONTRACT SERVICES - OTHER

WORKPAPER E-MISC13  
DISK NAME  
FILE NAME MISC. EXP.

RUN DATE. 12/09/04  
RUN TIME. 05 55 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	35,671	-
FEB		21,767	-
MAR		8,725	-
APR		30,948	-
MAY		5,896	-
JUN		34,870	-
JUL		21,137	-
AUG		24,059	-
SEP		28,196	-
OCT		26,916	-
NOV		10,286	-
DEC		18,427	266,898
JAN	2003	34,946	266,173
FEB		1,613	246,019
MAR		24,184	261,478
APR		13,337	243,867
MAY		11,168	249,139
JUN		30,581	244,850
JUL		30,994	254,707
AUG		26,850	257,498
SEP		29,099	258,401
OCT		24,332	255,817
NOV		21,675	267,206
DEC		45,725	294,504
JAN	2004	(12,687)	246,871
FEB		27,279	272,537
MAR		29,812	278,165
APR		25,181	290,009
MAY		30,294	309,135
JUN		29,166	307,720
JUL		40,741	317,467
AUG		27,963	318,580
SEP		32,866	322,347
OCT		0	298,015
NOV		0	276,340
DEC		0	230,615
		792,017	

50,000  
MATERIALITY  
-----  
AVG BAL. 288,983  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7.00%
-----	-----
-21.69%	9 67%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE	322,347
------------	---------

INF INCREASE	5,045
GROW INCREA	1,487

ATTR AMOUNT	328,878
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-MISC15  
DISK NAME  
FILE NAME: MISC EXP.

ACCOUNT # 536000  
TITLE. CONTRACT SERVICES - LAB TESTING

RUN DATE: 12/09/04  
RUN TIME 05.56 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	160	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	160
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		522	522
JUN		(84)	438
JUL		109	547
AUG		0	547
SEP		(109)	438
OCT		0	438
NOV		0	438
DEC		0	438
		598	

50,000  
MATERIALITY  
-----  
AVG BAL 317  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW:	1.0046

TP BALANCE	438
------------	-----

INF INCREASE	7
GROW INCREA	2

ATTR AMOUNT	447
=====	



TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 550000  
TITLE TRANSPORTATION

WORKPAPER. E-MISC16  
DISK NAME:  
FILE NAME. MISC EXP

RUN DATE 12/09/04  
RUN TIME. 05 56 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	25,201	-
FEB		29,617	-
MAR		28,367	-
APR		26,362	-
MAY		28,130	-
JUN		23,247	-
JUL		26,491	-
AUG		21,855	-
SEP		28,411	-
OCT		23,808	-
NOV		30,125	-
DEC		21,708	313,322
JAN	2003	18,673	306,794
FEB		23,263	300,440
MAR		28,238	300,311
APR		30,158	304,107
MAY		19,233	295,210
JUN		26,383	298,346
JUL		29,944	301,799
AUG		10,541	290,485
SEP		32,704	294,778
OCT		28,254	299,224
NOV		16,864	285,963
DEC		33,774	298,029
JAN	2004	8,675	288,031
FEB		19,330	284,098
MAR		19,849	275,709
APR		20,587	266,138
MAY		13,264	260,169
JUN		25,181	258,967
JUL		23,029	252,052
AUG		14,333	255,844
SEP		40,581	263,721
OCT		0	235,467
NOV		0	218,603
DEC		0	184,829
		796,180	

50,000  
MATERIALITY  
-----  
AVG BAL: 253,636  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
-37.98%	10.93%

TEST 1 PASSED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW.	1.0046

TP BALANCE	263,721
------------	---------

INF INCREASE	4,127
GROW INCREA	1,216

ATTR AMOUNT	269,064
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-MISC17  
DISK NAME.  
FILE NAME MISC EXP

ACCOUNT # 575000  
TITLE MISCELLANEOUS OPERATING EXP

RUN DATE 12/10/04  
RUN TIME: 11 06 AM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	43,835	-
FEB		18,270	-
MAR		3,672	-
APR		(20,843)	-
MAY		8,725	-
JUN		8,403	-
JUL		9,226	-
AUG		3,310	-
SEP		5,964	-
OCT		4,403	-
NOV		3,373	-
DEC		(63,118)	25,220
JAN	2003	(21,617)	(40,232)
FEB		8,227	(50,275)
MAR		8,652	(45,295)
APR		31,307	6,855
MAY		7,788	5,918
JUN		4,359	1,874
JUL		(25,183)	(32,535)
AUG		66,863	31,018
SEP		102,454	127,508
OCT		(12,761)	110,344
NOV		32,422	139,393
DEC		14,691	217,202
JAN	2004	40,527	279,346
FEB		35,001	306,120
MAR		42,779	340,247
APR		25,888	334,828
MAY		38,487	365,527
JUN		34,096	395,264
JUL		36,816	457,263
AUG		28,498	418,898
SEP		57,037	373,481
OCT		0	386,242
NOV		0	353,820
DEC		0	339,129
		581,551	

50,000  
MATERIALITY  
-----  
AVG BAL 362,514  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
56.14%	12.82%

TEST 1 FAILED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	287,028 A/
------------	------------

INF INCREASE	4,492
GROW INCREA	1,324

ATTR AMOUNT	292,843
=====	

A/ Less \$86,453 in amounts charged  
to Lone Oak and Suck Creek per  
response to TRA Data Request #91.

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #. 575030  
TITLE: ADVERTISING

WORKPAPER. E-MISC18  
DISK NAME  
FILE NAME. MISC EXP.

RUN DATE: 12/09/04  
RUN TIME 05:57 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	5,288	-
FEB		5,300	-
MAR		4,488	-
APR		5,826	-
MAY		7,489	-
JUN		18,139	-
JUL		5,045	-
AUG		9,975	-
SEP		3,113	-
OCT		5,219	-
NOV		5,000	-
DEC		12,960	87,842
JAN	2003	5,000	87,554
FEB		5,000	87,254
MAR		8,859	91,625
APR		5,490	91,289
MAY		20,977	104,777
JUN		2,839	89,477
JUL		(15,000)	69,432
AUG		30,000	89,457
SEP		1,853	88,197
OCT		636	83,614
NOV		1,490	80,104
DEC		12,050	79,194
JAN	2004	(9,611)	64,583
FEB		(600)	58,983
MAR		3,254	53,378
APR		900	48,788
MAY		7,809	35,620
JUN		(161)	32,620
JUL		(945)	46,675
AUG		5,696	22,371
SEP		1,817	22,335
OCT		0	21,699
NOV		0	20,209
DEC		0	8,159
		175,195	

50,000  
MATERIALITY  
-----  
AVG BAL 36,285  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE	22,335
------------	--------

INF INCREASE	350
GROW INCREA	103

ATTR AMOUNT	22,788
=====	

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC19  
DISK NAME  
FILE NAME: MISC. EXP.

ACCOUNT # 575220  
TITLE COMMUNITY RELATIONS

RUN DATE 12/09/04  
RUN TIME 05 57 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		156	-
JUN		0	-
JUL		12	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	168
JAN	2003	0	168
FEB		0	168
MAR		0	168
APR		0	168
MAY		0	12
JUN		5,000	5,012
JUL		5,000	10,000
AUG		0	10,000
SEP		5,000	15,000
OCT		0	15,000
NOV		10,000	25,000
DEC		0	25,000
JAN	2004	10,000	35,000
FEB		0	35,000
MAR		0	35,000
APR		0	35,000
MAY		1,250	36,250
JUN		(250)	31,000
JUL		250	26,250
AUG		0	26,250
SEP		(250)	21,000
OCT		0	21,000
NOV		0	11,000
DEC		0	11,000
		36,168	

50,000  
MATERIALITY  
-----  
AVG BAL 26,979  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE	1,000 A/
------------	----------

INF INCREASE	16
GROW INCREA	5

ATTR AMOUNT	1,020
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A/ Moriah Group charges of \$20,000  
excluded for setting rates per TAWC  
response to CAPD request #55

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC20  
DISK NAME.  
FILE NAME MISC. EXP

ACCOUNT #: 575240  
TITLE COMPANY DUES/DEDUCTIBLE

RUN DATE 12/09/04  
RUN TIME. 05 58 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		13,394	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	13,394
JAN	2003	0	13,394
FEB		0	13,394
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		19,152	19,152
AUG		0	19,152
SEP		0	19,152
OCT		0	19,152
NOV		0	19,152
DEC		0	19,152
JAN	2004	0	19,152
FEB		0	19,152
MAR		0	19,152
APR		19,492	38,644
MAY		0	38,644
JUN		0	38,644
JUL		0	19,492
AUG		0	19,492
SEP		0	19,492
OCT		0	19,492
NOV		0	19,492
DEC		0	19,492
		52,038	

50,000  
MATERIALITY  
-----  
AVG BAL 24,195  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	19,492
------------	--------

INF INCREASE	305
GROW INCREA	90

ATTR AMOUNT	19,887
-------------	--------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-MISC22  
DISK NAME  
FILE NAME MISC. EXP

ACCOUNT # 575242  
TITLE COMPANY DUES/DEDUCTIBLE AWWA

RUN DATE. 12/09/04  
RUN TIME. 05 58 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	26,942	-
FEB		(2,294)	-
MAR		50	-
APR		460	-
MAY		0	-
JUN		2,000	-
JUL		665	-
AUG		(205)	-
SEP		28	-
OCT		99	-
NOV		6,325	-
DEC		0	34,070
JAN	2003	684	7,812
FEB		686	10,792
MAR		100	10,842
APR		0	10,382
MAY		415	10,797
JUN		665	9,462
JUL		2,000	10,797
AUG		0	11,002
SEP		28	11,002
OCT		0	10,903
NOV		6,594	11,172
DEC		120	11,292
JAN	2004	663	11,271
FEB		427	11,012
MAR		450	11,362
APR		75	11,437
MAY		405	11,427
JUN		334	11,096
JUL		(334)	8,762
AUG		0	8,762
SEP		1,999	10,733
OCT		0	10,733
NOV		0	4,139
DEC		0	4,019
		49,381	

50,000  
MATERIALITY  
-----  
AVG BAL. 9,563  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE	10,733
------------	--------

INF INCREASE	168
GROW INCREA	49

ATTR AMOUNT	10,950
-------------	--------

=====

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-MISC23  
DISK NAME  
FILE NAME MISC EXP

ACCOUNT # 575270  
TITLE DIRECTORS FEES

RUN DATE 12/09/04  
RUN TIME 05 59 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		9,000	-
MAY		0	-
JUN		0	-
JUL		8,000	-
AUG		500	-
SEP		0	-
OCT		9,000	-
NOV		0	-
DEC		6,000	32,500
JAN	2003	0	32,500
FEB		0	32,500
MAR		0	32,500
APR		0	23,500
MAY		3,000	26,500
JUN		0	26,500
JUL		750	19,250
AUG		0	18,750
SEP		2,500	21,250
OCT		3,000	15,250
NOV		0	15,250
DEC		0	9,250
JAN	2004	2,500	11,750
FEB		0	11,750
MAR		0	11,750
APR		3,000	14,750
MAY		0	11,750
JUN		0	11,750
JUL		0	11,000
AUG		(750)	10,250
SEP		0	7,750
OCT		0	4,750
NOV		0	4,750
DEC		0	4,750
		46,500	

50,000  
MATERIALITY  
-----  
AVG BAL 9,729  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW:	1.0046

TP BALANCE	7,750
------------	-------

INF INCREASE	121
GROW INCREA	36

ATTR AMOUNT	7,907
-------------	-------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC24  
DISK NAME:  
FILE NAME. MISC EXP.

ACCOUNT # 575271  
TITLE. DIRECTORS EXPENSES

RUN DATE 12/09/04  
RUN TIME: 05.59 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	3,134	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		1,654	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		(1,101)	-
DEC		0	3,687
JAN	2003	0	553
FEB		0	553
MAR		0	553
APR		10,900	11,453
MAY		(8,690)	2,763
JUN		0	2,763
JUL		725	1,834
AUG		0	1,834
SEP		1,880	3,714
OCT		0	3,714
NOV		(1,084)	3,731
DEC		10,900	14,631
JAN	2004	(10,900)	3,731
FEB		0	3,731
MAR		0	3,731
APR		0	(7,169)
MAY		475	1,996
JUN		(275)	1,721
JUL		(200)	796
AUG		0	796
SEP		0	(1,084)
OCT		0	(1,084)
NOV		0	0
DEC		0	(10,900)
		7,418	

50,000  
MATERIALITY  
-----  
AVG BAL. (311)  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE (1,084)

INF INCREASE	(17)
GROW INCREA	(5)

ATTR AMOUNT (1,106)  
=====



TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575320  
TITLE ELECTRICITY

WORKPAPER E-MISC25  
DISK NAME  
FILE NAME. MISC EXP.

RUN DATE: 12/09/04  
RUN TIME. 05 59 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	999	-
FEB		4,235	-
MAR		10,133	-
APR		3,078	-
MAY		4,775	-
JUN		4,138	-
JUL		0	-
AUG		4,763	-
SEP		4,957	-
OCT		4,957	-
NOV		2,406	-
DEC		3,394	47,835
JAN	2003	86	46,922
FEB		4,221	46,908
MAR		3,817	40,592
APR		7,468	44,982
MAY		0	40,207
JUN		3,542	39,611
JUL		3,860	43,471
AUG		4,757	43,465
SEP		4,862	43,370
OCT		4,901	43,314
NOV		3,976	44,884
DEC		0	41,490
JAN	2004	7,985	49,389
FEB		3,557	48,725
MAR		4,294	49,202
APR		4,118	45,852
MAY		4,758	50,610
JUN		3,781	50,849
JUL		4,721	51,710
AUG		5,056	52,009
SEP		4,471	51,618
OCT		0	46,717
NOV		0	42,741
DEC		0	42,741
		132,066	

50,000  
MATERIALITY  
-----  
AVG BAL. 48,514  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW	1 0046

TP BALANCE	51,618
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INF INCREASE	808
GROW INCREA	238

ATTR AMOUNT	52,664
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TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC26  
DISK NAME:  
FILE NAME MISC EXP.

ACCOUNT # 575480  
TITLE HEAT - OIL/GAS

RUN DATE 12/09/04  
RUN TIME 06 00 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		3,242	-
MAR		957	-
APR		367	-
MAY		187	-
JUN		151	-
JUL		(73)	-
AUG		5,371	-
SEP		93	-
OCT		179	-
NOV		404	-
DEC		1,299	12,177
JAN	2003	1,526	13,703
FEB		1,066	11,527
MAR		2,880	13,450
APR		746	13,829
MAY		288	13,930
JUN		422	14,201
JUL		113	14,387
AUG		113	9,129
SEP		103	9,139
OCT		125	9,085
NOV		173	8,854
DEC		0	7,555
JAN	2004	2,170	8,199
FEB		1,993	9,126
MAR		2,160	8,406
APR		451	8,111
MAY		330	8,153
JUN		134	7,865
JUL		128	7,880
AUG		117	7,884
SEP		100	7,881
OCT		0	7,756
NOV		0	7,583
DEC		0	7,583
		27,315	

50,000  
MATERIALITY  
-----  
AVG BAL: 8,036  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE	7,881
------------	-------

INF INCREASE	123
GROW INCREA	36

ATTR AMOUNT	8,041
-------------	-------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-MISC27  
DISK NAME.  
FILE NAME MISC. EXP

ACCOUNT #: 575490  
TITLE. INJURIES & DAMAGES

RUN DATE 12/09/04  
RUN TIME: 06 00 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,268	-
FEB		226	-
MAR		2,146	-
APR		72	-
MAY		2,746	-
JUN		1	-
JUL		83	-
AUG		0	-
SEP		879	-
OCT		1,656	-
NOV		803	-
DEC		400	10,280
JAN	2003	90	9,102
FEB		1,042	9,918
MAR		84	7,856
APR		169	7,953
MAY		1,590	6,797
JUN		716	7,512
JUL		0	7,429
AUG		0	7,429
SEP		1,127	7,677
OCT		70	6,091
NOV		375	5,663
DEC		0	5,263
JAN	2004	582	5,755
FEB		125	4,838
MAR		345	5,099
APR		(2,687)	2,243
MAY		175	828
JUN		624	736
JUL		35	771
AUG		0	771
SEP		(35)	(391)
OCT		0	(461)
NOV		0	(836)
DEC		0	(836)
		14,707	

50,000  
MATERIALITY  
-----  
AVG BAL. 1,543  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW	1 0046

TP BALANCE	(391)
------------	-------

INF INCREASE	(6)
GROW INCREA	(2)

ATTR AMOUNT	(399)
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TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-MISC28  
DISK NAME  
FILE NAME. MISC EXP.

ACCOUNT #. 575500  
TITLE. JANITORIAL

RUN DATE 12/09/04  
RUN TIME 06 00 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	3,395	-
FEB		1,698	-
MAR		1,698	-
APR		1,761	-
MAY		1,698	-
JUN		1,698	-
JUL		1,742	-
AUG		1,698	-
SEP		1,698	-
OCT		2,180	-
NOV		1,428	-
DEC		1,498	22,192
JAN	2003	1,428	20,225
FEB		1,428	19,955
MAR		1,628	19,885
APR		1,463	19,587
MAY		1,530	19,419
JUN		1,428	19,149
JUL		1,428	18,835
AUG		1,567	18,704
SEP		1,428	18,434
OCT		1,536	17,790
NOV		1,428	17,790
DEC		0	16,292
JAN	2004	2,992	17,856
FEB		1,513	17,941
MAR		1,540	17,853
APR		1,428	17,818
MAY		1,964	18,252
JUN		1,414	18,238
JUL		1,507	18,317
AUG		1,503	18,253
SEP		1,346	18,171
OCT		0	16,635
NOV		0	15,207
DEC		0	15,207
		53,691	

50,000  
MATERIALITY

AVG BAL. 17,479

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE 18,171

INF INCREASE	284
GROW INCREA	84

ATTR AMOUNT 18,539

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC29  
DISK NAME  
FILE NAME. MISC EXP

ACCOUNT #. 575545  
TITLE LAB SUPPLIES

RUN DATE. 12/09/04  
RUN TIME. 06 01 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	4,558	-
FEB		3,606	-
MAR		2,478	-
APR		4,138	-
MAY		3,255	-
JUN		747	-
JUL		3,986	-
AUG		1,298	-
SEP		2,764	-
OCT		4,151	-
NOV		4,958	-
DEC		1,194	37,133
JAN	2003	4,602	37,177
FEB		2,703	36,274
MAR		3,563	37,359
APR		3,910	37,131
MAY		2,682	36,558
JUN		2,028	37,839
JUL		1,368	35,221
AUG		1,289	35,212
SEP		1,193	33,640
OCT		3,119	32,608
NOV		1,278	28,928
DEC		4,166	31,900
JAN	2004	6,268	33,566
FEB		1,895	32,758
MAR		3,689	32,884
APR		3,331	32,305
MAY		2,373	31,996
JUN		2,697	32,665
JUL		4,888	36,186
AUG		(350)	34,547
SEP		1,757	35,111
OCT		0	31,992
NOV		0	30,714
DEC		0	26,548
		95,581	

50,000  
MATERIALITY  
-----  
AVG BAL: 32,606  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE	35,111
------------	--------

INF INCREASE	549
GROW INCREA	162

ATTR AMOUNT	35,822
-------------	--------

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #. 575620  
TITLE OFFICE & ADMINISTRATION

WORKPAPER: E-MISC31  
DISK NAME.  
FILE NAME. MISC. EXP.

RUN DATE. 12/09/04  
RUN TIME: 06 02 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	514	-
FEB		97	-
MAR		349	-
APR		232	-
MAY		318	-
JUN		215	-
JUL		1,056	-
AUG		175	-
SEP		453	-
OCT		47	-
NOV		385	-
DEC		124	3,965
JAN	2003	322	3,773
FEB		91	3,767
MAR		541	3,959
APR		0	3,727
MAY		53	3,462
JUN		0	3,247
JUL		185	2,376
AUG		327	2,528
SEP		1,078	3,153
OCT		169	3,275
NOV		0	2,890
DEC		0	2,766
JAN	2004	977	3,421
FEB		813	4,143
MAR		593	4,195
APR		481	4,676
MAY		260	4,883
JUN		743	5,626
JUL		190	5,631
AUG		276	5,580
SEP		1,188	5,690
OCT		0	5,521
NOV		0	5,521
DEC		0	5,521
		12,252	

50,000  
MATERIALITY  
-----  
AVG BAL. 5,034  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW	1 0046

TP BALANCE	5,690
------------	-------

INF INCREASE	89
GROW INCREA	26

ATTR AMOUNT	5,805
-------------	-------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-MISC32  
DISK NAME  
FILE NAME MISC EXP.

ACCOUNT # 575625  
TITLE OVERNIGHT SHIPPING

RUN DATE. 12/09/04  
RUN TIME 06 02 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	471	-
FEB		575	-
MAR		1,261	-
APR		505	-
MAY		685	-
JUN		276	-
JUL		615	-
AUG		556	-
SEP		678	-
OCT		302	-
NOV		1,051	-
DEC		694	7,669
JAN	2003	648	7,846
FEB		502	7,773
MAR		962	7,474
APR		257	7,226
MAY		858	7,399
JUN		803	7,926
JUL		641	7,952
AUG		619	8,015
SEP		615	7,952
OCT		301	7,951
NOV		303	7,203
DEC		0	6,509
JAN	2004	849	6,710
FEB		345	6,553
MAR		493	6,084
APR		302	6,129
MAY		452	5,723
JUN		317	5,237
JUL		326	4,922
AUG		132	4,435
SEP		292	4,112
OCT		0	3,811
NOV		0	3,508
DEC		0	3,508
		17,686	

50,000  
MATERIALITY  
-----  
AVG BAL 5,061  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1.0156
CUST GROW:	1.0046

TP BALANCE	4,112
------------	-------

INF INCREASE	64
GROW INCREA	19

ATTR AMOUNT	4,195
-------------	-------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC33  
DISK NAME.  
FILE NAME MISC. EXP

ACCOUNT # 575680  
TITLE: RESEARCH & DEVELOPMENT

RUN DATE 12/09/04  
RUN TIME 06 02 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,675	-
FEB		2,139	-
MAR		4,028	-
APR		(7,687)	-
MAY		0	-
JUN		325	-
JUL		0	-
AUG		157	-
SEP		0	-
OCT		2,119	-
NOV		4,216	-
DEC		12,941	19,913
JAN	2003	6,000	24,238
FEB		0	22,099
MAR		0	18,071
APR		0	25,758
MAY		0	25,758
JUN		0	25,433
JUL		0	25,433
AUG		0	25,276
SEP		0	25,276
OCT		3,287	26,444
NOV		3,287	25,515
DEC		0	12,574
JAN	2004	3,287	9,861
FEB		1,782	11,643
MAR		891	12,534
APR		891	13,425
MAY		891	14,316
JUN		891	15,207
JUL		891	16,098
AUG		891	16,989
SEP		891	17,880
OCT		0	14,593
NOV		0	11,306
DEC		0	11,306
		43,793	

50,000  
MATERIALITY  
-----  
AVG BAL. 13,763  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW:	1.0046

TP BALANCE	17,880
------------	--------

INF INCREASE	280
GROW INCREA	82

ATTR AMOUNT	18,242
-------------	--------



TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575740  
TITLE TELEPHONE

WORKPAPER. E-MISC34  
DISK NAME  
FILE NAME: MISC EXP

RUN DATE 12/09/04  
RUN TIME. 06 03 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	4,193	-
FEB		3,942	-
MAR		3,307	-
APR		2,596	-
MAY		3,247	-
JUN		2,912	-
JUL		3,160	-
AUG		2,855	-
SEP		3,370	-
OCT		4,159	-
NOV		3,138	-
DEC		3,654	40,533
JAN	2003	1,884	38,224
FEB		3,463	37,745
MAR		5,028	39,466
APR		2,357	39,227
MAY		5,340	41,320
JUN		4,690	43,098
JUL		2,599	42,537
AUG		2,296	41,978
SEP		3,779	42,387
OCT		2,792	41,020
NOV		2,993	40,875
DEC		2,969	40,190
JAN	2004	691	38,997
FEB		2,264	37,798
MAR		2,396	35,166
APR		2,362	35,171
MAY		1,783	31,614
JUN		2,282	29,206
JUL		2,040	28,647
AUG		3,920	30,271
SEP		2,432	28,924
OCT		0	26,132
NOV		0	23,139
DEC		0	20,170
		100,893	

50,000  
MATERIALITY  
-----  
AVG BAL 30,436  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW:	1.0046

TP BALANCE	28,924
------------	--------

INF INCREASE	453
GROW INCREA	133

ATTR AMOUNT	29,510
-------------	--------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER E-MISC35  
DISK NAME  
FILE NAME. MISC EXP.

ACCOUNT # 575780  
TITLE TRASH REMOVAL

RUN DATE 12/09/04  
RUN TIME 06 03 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	613	-
FEB		615	-
MAR		40	-
APR		89	-
MAY		419	-
JUN		403	-
JUL		380	-
AUG		375	-
SEP		375	-
OCT		286	-
NOV		375	-
DEC		375	4,345
JAN	2003	383	4,115
FEB		0	3,500
MAR		764	4,224
APR		383	4,518
MAY		383	4,482
JUN		330	4,409
JUL		819	4,848
AUG		35	4,508
SEP		250	4,383
OCT		387	4,484
NOV		215	4,324
DEC		0	3,949
JAN	2004	612	4,178
FEB		397	4,575
MAR		316	4,127
APR		513	4,257
MAY		439	4,313
JUN		316	4,299
JUL		357	3,837
AUG		336	4,138
SEP		316	4,204
OCT		0	3,817
NOV		0	3,602
DEC		0	3,602
		11,896	

50,000  
MATERIALITY  
-----  
AVG BAL: 4,079  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

-----  
INFLATION. 1.0156  
CUST GROW 1.0046

TP BALANCE 4,204

INF INCREASE	66
GROW INCREA	19

-----  
ATTR AMOUNT 4,289  
=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #: 575790  
TITLE TRUSTEE FEES

WORKPAPER: E-MISC36  
DISK NAME  
FILE NAME MISC EXP.

RUN DATE: 12/09/04  
RUN TIME: 06 03 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		(1,439)	(1,439)
SEP		557	(882)
OCT		557	(325)
NOV		557	232
DEC		0	232
JAN	2004	1,114	1,346
FEB		557	1,903
MAR		557	2,460
APR		557	3,017
MAY		557	3,574
JUN		(2,213)	1,361
JUL		359	1,720
AUG		359	3,518
SEP		360	3,321
OCT		0	2,764
NOV		0	2,207
DEC		0	2,207
		2,439	
		=====	

50,000  
MATERIALITY  
-----  
AVG BAL 2,450  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1 0046

TP BALANCE	3,321
------------	-------

INF INCREASE	52
GROW INCREA	15

ATTR AMOUNT	3,388
	=====

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER. E-MISC37  
DISK NAME  
FILE NAME. MISC. EXP.

ACCOUNT # 575820  
TITLE. UNIFORMS

RUN DATE. 12/09/04  
RUN TIME 06:04 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	444	-
FEB		0	-
MAR		368	-
APR		434	-
MAY		247	-
JUN		358	-
JUL		173	-
AUG		147	-
SEP		0	-
OCT		415	-
NOV		645	-
DEC		184	3,415
JAN	2003	386	3,357
FEB		0	3,357
MAR		332	3,321
APR		614	3,501
MAY		27	3,281
JUN		783	3,706
JUL		398	3,931
AUG		0	3,784
SEP		95	3,879
OCT		300	3,764
NOV		422	3,541
DEC		0	3,357
JAN	2004	866	3,837
FEB		60	3,897
MAR		0	3,565
APR		21	2,972
MAY		68	3,013
JUN		817	3,047
JUL		445	3,094
AUG		12	3,106
SEP		296	3,307
OCT		0	3,007
NOV		0	2,585
DEC		0	2,585
		9,357	

50,000  
MATERIALITY  
-----  
AVG BAL: 3,168  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
N/A	N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE	3,307
------------	-------

INF INCREASE	52
GROW INCREA	15

ATTR AMOUNT	3,374
-------------	-------

TENN AMER WATER COMPANY TB  
04-00288

WORKPAPER: E-MISC38  
DISK NAME  
FILE NAME MISC. EXP.

ACCOUNT #. 575998  
TITLE: PURCHASING CARD

RUN DATE: 12/09/04  
RUN TIME 06:04 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		485	-
APR		0	-
MAY		(485)	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		(213)	-
OCT		0	-
NOV		0	-
DEC		32	(181)
JAN	2003	0	(181)
FEB		0	(181)
MAR		99	(567)
APR		0	(567)
MAY		0	(82)
JUN		0	(82)
JUL		0	(82)
AUG		349	267
SEP		(349)	131
OCT		0	131
NOV		1,419	1,550
DEC		0	1,518
JAN	2004	(305)	1,213
FEB		(498)	715
MAR		0	616
APR		1,231	1,847
MAY		(1,188)	659
JUN		2,879	3,538
JUL		1,097	4,635
AUG		0	4,286
SEP		1,030	5,665
OCT		0	5,665
NOV		0	4,246
DEC		0	4,246
		5,583	

50,000  
MATERIALITY  
-----  
AVG BAL. 3,111  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----	-----
N/A	N/A
TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW	1 0046

TP BALANCE	5,665
------------	-------

INF INCREASE	89
GROW INCREA	26

ATTR AMOUNT	5,780
=====	

TENN AMER WATER COMPANY TB  
04-00288

E-MISC40

DISK NAME

FILE NAME

MISC EXP.

ACCOUNT # 575710  
TITLE SECURITY SERVICE

RUN DATE

12/09/04

RUN TIME

06 05 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	50	50
FEB		0	50
MAR		0	50
APR		0	50
MAY		53	103
JUN		0	103
JUL		0	103
AUG		8,870	8,973
SEP		15,619	24,592
OCT		13,278	37,870
NOV		12,698	50,568
DEC		0	50,568
JAN	2004	31,966	82,484
FEB		12,331	94,815
MAR		15,269	110,084
APR		12,263	122,347
MAY		9,162	131,456
JUN		15,497	146,953
JUL		12,381	159,334
AUG		12,303	162,767
SEP		15,423	162,571
OCT		0	149,293
NOV		0	136,595
DEC		0	136,595
		187,163	

50,000

MATERIALITY

AVG BAL. 132,941

OVER PRE SET LIMIT

ADDITIONAL TESTING REQUIRED

TEST 1

TEST 2

TP GROWTH >

TP STD DEV >

6.00%

7.00%

170 12%

18 92%

TEST 1 FAILED

1

TEST 2 FAILED

1

NO MORE TESTING NEEDED

USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION

1.0156

CUST GROW

1 0046

TP BALANCE

162,571

INF INCREASE

2,544

GROW INCREA

750

ATTR AMOUNT

165,865

TENN AMER WATER COMPANY TB  
04-00288

E-MISC41

DISK NAME  
FILE NAME MISC EXP.

ACCOUNT # 575715  
TITLE SOFTWARE LICENSES & SUPPORT

RUN DATE 12/09/04  
RUN TIME 06 05 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		18,350	18,350
APR		0	18,350
MAY		0	18,350
JUN		(18,350)	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		30	(18,320)
APR		0	(18,320)
MAY		0	(18,320)
JUN		0	30
JUL		0	30
AUG		0	30
SEP		0	30
OCT		0	30
NOV		0	30
DEC		0	30
		30	

50,000  
MATERIALITY  
-----  
AVG BAL (4,563)  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED  
  
TEST 1 TEST 2  
TP GROWTH > TP STD DEV >  
6 00% 7 00%  
-----  
N/A N/A  
  
TEST 1 PASSEI 1  
TEST 2 PASSEI 1  
  
NO MORE TESTING NEEDED  
USE GROWTH FACTOR  
  
COMPOUND GROWTH FACTORS  
-----  
INFLATION 1 0156  
CUST GROW 1 0046  
  
TP BALANCE 30  
  
INF INCREASE 0  
GROW INCREA 0  
-----  
ATTR AMOUNT 31  
=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575640  
TITLE PENALTIES NON-DEDUCTIBLE

E-MISC43  
DISK NAME  
FILE NAME: MISC EXP  
RUN DATE: 12/09/04  
RUN TIME: 06 06 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
-	-	0	-
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	0
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		171	171
SEP		0	171
OCT		0	171
NOV		0	171
DEC		0	171
JAN	2004	0	171
FEB		0	171
MAR		0	171
APR		0	171
MAY		0	171
JUN		0	171
JUL		0	171
AUG		0	0
SEP		114	114
OCT		0	114
NOV		0	114
		285	

50,000  
MATERIALITY  
-----  
AVG BAL 143  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED  
  
TEST 1 TEST 2  
TP GROWTH > TP STD DEV >  
6.00% 7.00%  
-----  
N/A N/A  
  
TEST 1 PASSEI 1  
TEST 2 PASSEI 1  
  
NO MORE TESTING NEEDED  
USE GROWTH FACTOR  
  
COMPOUND GROWTH FACTORS  
-----  
INFLATION: 1.0156  
CUST GROW. 1.0046  
  
TP BALANCE 114  
  
INF INCREASE 2  
GROW INCREA 1  
-----  
ATTR AMOUNT 116  
=====



TENN AMER WATER COMPANY TB  
04-00288

E-MISC44

DISK NAME  
FILE NAME. MISC EXP.

ACCOUNT # 550001  
TITLE. TRANSPORTATION LEASE COST

RUN DATE. 12/09/04  
RUN TIME. 06:07 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
-	-	0	-
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	0
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		46	46
NOV		5	51
DEC		0	51
JAN	2004	10	61
FEB		5	66
MAR		5	71
APR		5	76
MAY		1,726	1,802
JUN		5	1,807
JUL		5	1,812
AUG		5	1,817
SEP		5	1,822
OCT		0	1,776
NOV		0	1,771
		1,822	

50,000  
MATERIALITY  
-----  
AVG BAL. 1,078  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW.	1.0046

TP BALANCE	1,822
------------	-------

INF INCREASE	29
GROW INCREA	8

ATTR AMOUNT	1,859
-------------	-------

TENN AMER WATER COMPANY TB  
04-00288

E-MISC45

DISK NAME:  
FILE NAME: MISC. EXP.

ACCOUNT # 550003  
TITLE: TRANSPORTATION LEASE MAINT

RUN DATE 12/09/04  
RUN TIME 06 07 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
-	-	0	-
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	0
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		980	980
NOV		113	1,093
DEC		0	1,093
JAN	2004	226	1,319
FEB		113	1,432
MAR		113	1,545
APR		126	1,671
MAY		2,354	4,025
JUN		114	4,139
JUL		0	4,139
AUG		116	4,255
SEP		118	4,373
OCT		0	3,393
NOV		0	3,280
		4,373	

50,000  
MATERIALITY  
-----  
AVG BAL. 2,889  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE 4,373

INF INCREASE	68
GROW INCREA	20

ATTR AMOUNT 4,462  
=====

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 575741  
TITLE CELL PHONE

E-MISC46

DISK NAME  
FILE NAME MISC EXP

RUN DATE 12/09/04  
RUN TIME: 06 07 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
-	-	0	-
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	0
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		1,254	1,254
APR		0	1,254
MAY		0	1,254
JUN		0	1,254
JUL		0	1,254
AUG		0	1,254
SEP		0	1,254
OCT		0	1,254
NOV		0	1,254
		1,254	

50,000  
MATERIALITY

AVG BAL 941

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE 1,254

INF INCREASE	20
GROW INCREA	6

ATTR AMOUNT 1,279

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT #. 575275  
TITLE DISCOUNTS AVAILABLE

E-MISC47

DISK NAME  
FILE NAME. MISC. EXP

RUN DATE 12/09/04  
RUN TIME 06 08 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
-	-	0	-
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	0
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		(1,320)	(1,320)
JUL		(553)	(1,873)
AUG		(412)	(2,285)
SEP		(939)	(3,224)
OCT		0	(3,224)
NOV		0	(3,224)
		(3,224)	

50,000  
MATERIALITY  
-----  
AVG BAL (1,263)  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE (3,224)

INF INCREASE	(50)
GROW INCREA	(15)

ATTR AMOUNT (3,289)  
=====

TENN AMER WATER COMPANY TB  
04-00288

E-MISC48

DISK NAME

FILE NAME

MISC EXP

ACCOUNT # 575276  
TITLE DISCOUNTS LOST

RUN DATE 12/09/04  
RUN TIME 06 08 PM

MONTH	YEAR	BALANCE EXC. S&W	12 MTD
-	-	0	-
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	0
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		311	311
JUL		280	591
AUG		154	745
SEP		172	917
OCT		0	917
NOV		0	917
		917	

50,000  
MATERIALITY

AVG BAL 367

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6 00%	7 00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW	1.0046

TP BALANCE 917

INF INCREASE	14
GROW INCREA	4

ATTR AMOUNT 936

TENN AMER WATER COMPANY TB  
04-00288

ACCOUNT # 504640  
TITLE SAFETY INCENTIVE

E-MISC49

DISK NAME  
FILE NAME: MISC EXP

RUN DATE 12/09/04  
RUN TIME: 06 08 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
-	-	0	-
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	0
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		0	0
AUG		0	0
SEP		0	0
OCT		0	0
NOV		0	0
DEC		0	0
JAN	2004	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		40	40
JUL		(40)	0
AUG		0	0
SEP		40	40
OCT		0	40
NOV		0	40
		40	

50,000  
MATERIALITY

AVG BAL: 13

BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

COMPOUND GROWTH FACTORS

INFLATION.	1.0156
CUST GROW	1.0046

TP BALANCE 40

INF INCREASE	1
GROW INCREA	0

ATTR AMOUNT 41

TN AMERICAN WATER COMPANY  
04-00288  
ATTRITION EXPENSES

AUDITOR

TB

WORKPAPER

E-MAIN0-

DISK NAME

FILE NAME

MAINT EXP

RUN DATE

12/10/04

RUN TIME

01 13 PM

ACCOUNT	ACCOUNT NUMBER	TEST PERIOD AMOUNT	INFLATION ADJUSTMENT	GROWTH ADJUSTMENT	ATTRITION AMOUNT	COMPANY AMOUNT
MANAGEMENT FEES - MAINT OTHER	534250	0	0	0	0	746,632
MAINTENANCE	620000	448,714	7,022	2,069	457,805	0
CONTRACT SERVICE - OTHER	635000	30,195	473	139	30,807	0
MISCELLANEOUS MAINTENANCE	675000	81,542	1,276	376	83,194	0
COMPUTER EQUIPMENT	675250	730	11	3	745	0
ACCOUNT TITLE 6	6	0	0	0	0	
ACCOUNT TITLE 7	7	0	0	0	0	
ACCOUNT TITLE 8	8	0	0	0	0	
ACCOUNT TITLE 9	9	0	0	0	0	
ACCOUNT TITLE 10	10	0	0	0	0	
ACCOUNT TITLE 11	11	0	0	0	0	
ACCOUNT TITLE 12	12	0	0	0	0	
ACCOUNT TITLE 13	13	0	0	0	0	
ACCOUNT TITLE 14	14	0	0	0	0	
ACCOUNT TITLE 15	15	0	0	0	0	
ACCOUNT TITLE 16	16	0	0	0	0	
ACCOUNT TITLE 17	17	0	0	0	0	
ACCOUNT TITLE 18	18	0	0	0	0	
ACCOUNT TITLE 19	19	0	0	0	0	
ACCOUNT TITLE 20	20	0	0	0	0	
ACCOUNT TITLE 21	21	0	0	0	0	
ACCOUNT TITLE 22	22	0	0	0	0	
ACCOUNT TITLE 23	23	0	0	0	0	
ACCOUNT TITLE 24	24	0	0	0	0	
ACCOUNT TITLE 25	25	0	0	0	0	
ACCOUNT TITLE 26	26	0	0	0	0	
ACCOUNT TITLE 27	27	0	0	0	0	
ACCOUNT TITLE 28	28	0	0	0	0	
ACCOUNT TITLE 29	29	0	0	0	0	
ACCOUNT TITLE 30	30	0	0	0	0	
TOTAL		561,181	8,782	2,588	572,551	746,632

TN AMERICAN WATER COMPANY TB  
04-00288

ACCOUNT # 620000  
TITLE MAINTENANCE

WORKPAPER E-MAIN2-  
DISK NAME.  
FILE NAME. MAINT EXP.

RUN DATE 12/10/04  
RUN TIME 01.14 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	54,372	-
FEB		40,408	-
MAR		53,889	-
APR		52,463	-
MAY		59,798	-
JUN		36,699	-
JUL		46,656	-
AUG		72,293	-
SEP		58,734	-
OCT		61,895	-
NOV		53,969	-
DEC		34,814	625,990
JAN	2003	13,427	585,045
FEB		48,403	593,040
MAR		71,109	610,260
APR		45,280	603,077
MAY		52,811	596,090
JUN		60,641	620,032
JUL		26,267	599,643
AUG		55,495	582,845
SEP		57,321	581,432
OCT		65,234	584,771
NOV		29,845	560,647
DEC		68,082	593,915
JAN	2004	(28,227)	552,261
FEB		36,646	540,504
MAR		44,802	514,197
APR		37,059	505,976
MAY		45,664	498,829
JUN		27,146	465,334
JUL		26,858	465,925
AUG		68,426	478,856
SEP		33,746	455,281
OCT		0	390,047
NOV		0	360,202
DEC		0	292,120
		1,512,025	

10,000  
MATERIALITY

AVG BAL. 459,961

OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH > 6 00%	TP STD DEV > 7 00%
-50.81%	16 00%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1 0156
CUST GROW	1 0046

TP BALANCE 448,714 A/

INF INCREASE	7,022
GROW INCREA	2,069

ATTR AMOUNT 457,805

A/ Less \$6,567 in amounts charged  
to Lone Oak and Suck Creek per  
response to TRA Data Request #91



TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER: E-MAIN3-  
DISK NAME.  
FILE NAME MAINT EXP

ACCOUNT #. 635000  
TITLE CONTRACT SERVICE - OTHER

RUN DATE 12/09/04  
RUN TIME. 05 43 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,750	-
FEB		108	-
MAR		4,494	-
APR		3,107	-
MAY		2,834	-
JUN		2,005	-
JUL		1,363	-
AUG		1,621	-
SEP		5,124	-
OCT		1,263	-
NOV		3,396	-
DEC		1,535	28,600
JAN	2003	274	27,124
FEB		1,897	28,913
MAR		0	24,419
APR		2,438	23,750
MAY		3,053	23,969
JUN		1,663	23,627
JUL		1,414	23,678
AUG		1,453	23,510
SEP		13,052	31,438
OCT		243	30,418
NOV		1,520	28,542
DEC		0	27,007
JAN	2004	3,893	30,626
FEB		1,250	29,979
MAR		740	30,719
APR		2,588	30,869
MAY		1,915	29,731
JUN		8,040	36,108
JUL		8,145	42,839
AUG		173	41,559
SEP		1,688	30,195
OCT		0	29,952
NOV		0	28,432
DEC		0	28,432
		84,039	

10,000  
MATERIALITY  
-----  
AVG BAL. 32,453  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%
-----	-----
5 28%	14.62%

TEST 1 PASSEI	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION:	1 0156
CUST GROW.	1.0046

TP BALANCE	30,195
------------	--------

INF INCREASE	473
GROW INCREA	139

ATTR AMOUNT	30,807
-------------	--------

TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER. E-MAIN4-  
DISK NAME.  
FILE NAME MAINT. EXP

ACCOUNT # 675000  
TITLE MISCELLANEOUS MAINTENANCE

RUN DATE 12/09/04  
RUN TIME 05 44 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	1,599	-
FEB		776	-
MAR		3,278	-
APR		1,329	-
MAY		336	-
JUN		270	-
JUL		1,454	-
AUG		507	-
SEP		1,793	-
OCT		1,814	-
NOV		463	-
DEC		720	14,339
JAN	2003	5,116	17,856
FEB		(1,325)	15,755
MAR		3,585	16,062
APR		2,924	17,657
MAY		824	18,145
JUN		9,101	26,976
JUL		1,353	26,875
AUG		5,030	31,398
SEP		1,454	31,059
OCT		17,545	46,790
NOV		7,400	53,727
DEC		(51,465)	1,542
JAN	2004	72,514	68,940
FEB		8,728	78,993
MAR		3,106	78,514
APR		3,069	78,659
MAY		1,876	79,711
JUN		785	71,395
JUL		8,174	78,216
AUG		477	73,663
SEP		9,333	81,542
OCT		0	63,997
NOV		0	56,597
DEC		0	108,062
		123,943	

10,000  
MATERIALITY  
-----  
AVG BAL 76,524  
  
OVER PRE SET LIMIT  
ADDITIONAL TESTING REQUIRED

TEST 1 TP GROWTH > 6 00%	TEST 2 TP STD DEV > 7 00%
-----	-----
6907.91%	15 52%

TEST 1 FAILED	1
TEST 2 FAILED	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1 0046

TP BALANCE	81,542
------------	--------

INF INCREASE	1,276
GROW INCREA	376

ATTR AMOUNT	83,194
=====	

TN AMERICAN WATER COMPANY TB  
04-00288

WORKPAPER: E-MAIN5-  
DISK NAME  
FILE NAME MAINT EXP.

ACCOUNT # 675250  
TITLE. COMPUTER EQUIPMENT

RUN DATE 12/09/04  
RUN TIME 05 44 PM

MONTH	YEAR	BALANCE EXC S&W	12 MTD
JAN	2002	0	-
FEB		0	-
MAR		0	-
APR		0	-
MAY		0	-
JUN		0	-
JUL		0	-
AUG		0	-
SEP		0	-
OCT		0	-
NOV		0	-
DEC		0	0
JAN	2003	0	0
FEB		0	0
MAR		0	0
APR		0	0
MAY		0	0
JUN		0	0
JUL		10,030	10,030
AUG		0	10,030
SEP		0	10,030
OCT		730	10,760
NOV		0	10,760
DEC		0	10,760
JAN	2004	0	10,760
FEB		0	10,760
MAR		0	10,760
APR		0	10,760
MAY		0	10,760
JUN		0	10,760
JUL		0	730
AUG		0	730
SEP		0	730
OCT		0	0
NOV		0	0
DEC		0	0
		10,760	

10,000  
MATERIALITY  
-----  
AVG BAL. 5,563  
  
BELOW PRESET LIMIT, NO  
ADDITIONAL TESTING REQUIRED

TEST 1	TEST 2
TP GROWTH >	TP STD DEV >
6.00%	7.00%

-----  
N/A N/A

TEST 1 PASSEI	1
TEST 2 PASSEI	1

NO MORE TESTING NEEDED  
USE GROWTH FACTOR

#### COMPOUND GROWTH FACTORS

INFLATION	1.0156
CUST GROW	1.0046

TP BALANCE	730
------------	-----

INF INCREASE	11
GROW INCREA	3

ATTR AMOUNT	745
-------------	-----

-----  
10,760  
=====

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
SUMMARY OF TAXES OTHER THAN INCOME  
FOR ATTRITION YEAR ENDED DECEMBER 31, 2005

T-OTAX0

<u>Tax</u>	<u>CAPD Amounts</u>	
Property Tax	2,300,000	A/
Other General Taxes	661,107	B/
FUTA Taxes	4,123	C/
FICA Taxes	277,618	C/
SUTA Taxes	2,356	C/
Total	<u>3,245,204</u>	

A/ CAPD Workpaper T-OTAX1

B/ CAPD Workpaper T-OTAX2

C/ CAPD Workpaper T-OTAX3

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
PROPERTY TAX  
FOR ATTRITION YEAR ENDED DECEMBER 31, 2005

T-OTAX1

<u>Year</u>	<u>Property Tax Amount</u>		<u>Gross Assessment</u>		<u>Percentage of Property Tax to Assessment</u>
2000			46,890,000	B/	
2001	2,388,401	B/	46,896,622	B/	5.1%
2002	2,365,524	B/	46,400,000	B/	5.1%
2003	2,231,085	B/	47,325,000	B/	4.7%
2004	2,300,000		48,423,000	B/	4.7%
2005	2,300,000		48,423,000	F/	4.7%

RATE BASE GROWTH COMPUTATION

2002	88,274,196	C/
2003	88,284,778	C/
2004	89,047,717	D/
2005	87,611,392	E/

- A/ COMPANY RESPONSE TO TRA DATA REQUEST #46
- B/ OFFICE OF STATE ASSESSED PROPERTIES WORKSHEETS
- C/ PER DECEMBER TRA 3 06 SURVEILLANCE REPORTS
- D/ PER JUNE 2004 TRA 3 06 SURVEILLANCE REPORT
- E/ PER COMPANY EXHIBIT NO 1, SCHEDULE 2, PAGE 1 OF 3
- F/ ESTIMATED GROSS ASSESSMENT AMOUNT

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
OTHER GENERAL TAXES  
FOR ATTRITION YEAR ENDED DECEMBER 31, 2005

T-OTAX2

<u>Tax</u>	<u>Company Amount</u>	<u>CAPD Amount</u>	<u>Difference</u>
TN Franchise Tax	259,938 A/	259,938 A/	-
Gross Receipts	566,595 A/	340,856 B/	225,739
TRA Fee.	59,413 A/	59,413	-
Franchise Tax	750 A/	750	-
Filing Fee	150 A/	150	-
Total	886,846	661,107	225,739

A/ COMPANY WORKPAPERS

B/ PER COMPANY RESPONSE TO TRA DATA REQUEST #46A

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
CAPITALIZATION OF PAYROLL TAXES  
FOR ATTRITION YEAR ENDING 12/31/05

T-OTAX3

	<u>PAYROLL TAXES (CAPD)</u>		<u>PAYROLL TAXES (COMPANY)</u>	<u>DIFFERENCE</u>
<b><u>FICA TAXES</u></b>				
UNION EMPLOYEES	\$ 257,568	A/		
NON-UNION HOURLY EMPLOYEES	3,246	B/		
SALARIED EMPLOYEES	97,403	C/		
TOTAL	<u>\$ 358,217</u>			
CAPITALIZATION %	20 67%	D/		
CAPITALIZED PORTION	<u>\$ 74,043</u>			
NON UTILITY %	1 83%	E/		
NON UTILITY PORTION	<u>\$ 6,555</u>			
<b>EXPENSED PORTION</b>	<u><u>\$ 277,618</u></u>		<u>332,999 F/</u>	<u>(55,381)</u>
<b><u>FUTA TAXES</u></b>				
UNION EMPLOYEES	4,144	A/		
NON-UNION HOURLY EMPLOYEES	56	B/		
SALARIED EMPLOYEES	1,120	C/		
TOTAL	<u>5,320</u>			
CAPITALIZATION %	20 67%	D/		
CAPITALIZED PORTION	<u>\$ 1,100</u>			
NON UTILITY %	1 83%	E/		
NON UTILITY PORTION	<u>\$ 97</u>			
<b>EXPENSED PORTION</b>	<u><u>4,123</u></u>		<u>4,577 F/</u>	<u>(454)</u>
<b><u>SUTA TAXES</u></b>				
UNION EMPLOYEES	2,368	A/		
NON-UNION HOURLY EMPLOYEES	32	B/		
SALARIED EMPLOYEES	640	C/		
TOTAL	<u>\$ 3,040</u>			
CAPITALIZATION %	20 67%	D/		
CAPITALIZED PORTION	<u>\$ 628</u>			
NON UTILITY %	1 83%	E/		
NON UTILITY PORTION	<u>\$ 56</u>			
<b>EXPENSED PORTION</b>	<u><u>\$ 2,356</u></u>		<u>\$ 228 F/</u>	<u>\$ 2,128</u>
 <b>TOTAL PAYROLL TAXES</b>	 <u><u>\$ 284,097</u></u>		 <u><u>\$ 337,804</u></u>	 <u><u>\$ (53,707)</u></u>

A/ CAPD WORKPAPER T-OTAX4

B/ CAPD WORKPAPER T-OTAX5

C/ CAPD WORKPAPER T-OTAX6

D/ CAPD WORKPAPER PAY-4

E/ CAPD WORKPAPER PAY-5.

F/ COMPANY WORKPAPERS

TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
PAYROLL TAXES - UNION EMPLOYEES  
ATTRITION YEAR 1/01/05 - 12/31/05

T-OTAX4

\* \$80,400 WAGE BASE      \*\*\* \$7,000 WAGE BASE  
\*\* NO WAGE BASE        \*\*\*\* \$8,000 WAGE BASE

EMP #	EMP NAME	A/ ATTRITION PERIOD PAY	FICA *	MEDICARE **	FUTA ***	SUTA ****	TOTAL PAYROLL TAXES
			6.20%	1.45%	0.80%	0.40%	
1	Hays, Karen Denise	43,395.71	2,690.53	629.24	56.00	32.00	3,407.77
2	Blevins, Timothy B.	43,395.71	2,690.53	629.24	56.00	32.00	3,407.77
3	Hicks, Worn	43,143.72	2,674.91	625.58	56.00	32.00	3,388.49
4	Burrell, Dale R.	43,395.71	2,690.53	629.24	56.00	32.00	3,407.77
5	Cordell, Terry	52,093.95	3,229.82	755.36	56.00	32.00	4,073.19
6	Chmalogar, Adam D.	44,115.49	2,735.16	639.67	56.00	32.00	3,462.83
7	Thompson, Carvey	43,681.53	2,708.26	633.38	56.00	32.00	3,429.64
8	Skiles, Rick J.	45,095.02	2,795.89	653.88	56.00	32.00	3,537.77
9	Russell, Linda H.	39,970.29	2,478.16	579.57	56.00	32.00	3,145.73
10	Ha, Jason T.	43,395.71	2,690.53	629.24	56.00	32.00	3,407.77
11	O'Donnell, William T.	43,395.71	2,690.53	629.24	56.00	32.00	3,407.77
12	Coates, David	48,579.06	3,011.90	704.40	56.00	32.00	3,804.30
13	Weathers, Edward	48,522.89	3,008.42	703.58	56.00	32.00	3,800.00
14	Gamble, Robert A.	43,395.71	2,690.53	629.24	56.00	32.00	3,407.77
15	Ledford, Sandra	40,656.32	2,520.69	589.52	56.00	32.00	3,198.21
16	Odmann, Gary	52,225.48	3,237.98	757.27	56.00	32.00	4,083.25
17	Seebeck, Jurgen	43,395.71	2,690.53	629.24	56.00	32.00	3,407.77
18	Hayes, Truman	43,661.68	2,707.02	633.09	56.00	32.00	3,428.12
19	Baggett, James L	44,136.27	2,736.45	639.98	56.00	32.00	3,464.42
20	Upshaw, Barbara	39,922.05	2,475.17	578.87	56.00	32.00	3,142.04
21	Worrell, David	52,764.53	3,271.40	765.09	56.00	32.00	4,124.49
22	Blackburn, Spence	47,162.39	2,924.07	683.85	56.00	32.00	3,695.92
23	Jenkins, Sammy	45,550.97	2,824.16	660.49	56.00	32.00	3,572.65
24	Walden, Herman	50,608.81	3,137.75	733.83	56.00	32.00	3,959.57



TENNESSEE AMERICAN WATER COMPANY  
DOCKET NO 04-00288  
PAYROLL TAXES - UNION EMPLOYEES  
ATTRITION YEAR 1/01/05 - 12/31/05

T-OTAX4

EMP #	EMP NAME	A/ ATTRITION PERIOD PAY	*** \$7,000 WAGE BASE **** \$8,000 WAGE BASE				TOTAL PAYROLL TAXES
			* \$80,400 WAGE BASE ** NO WAGE BASE	FICA *	MEDICARE **	FUTA *** SUTA ****	
			6.20%	1.45%	0.80%	0.40%	
25	Edwards, Katherine	40,723.58	2,524.86	590.49	56.00	32.00	3,203.35
26	Cooke, Jack	48,489.19	3,006.33	703.09	56.00	32.00	3,797.42
27	Moses, Michael	52,603.76	3,261.43	762.75	56.00	32.00	4,112.19
28	Wilson, Keith	44,099.35	2,734.16	639.44	56.00	32.00	3,461.60
29	Pitman, Benjamin	52,019.96	3,225.24	754.29	56.00	32.00	4,067.53
30	Springs, James P.	45,274.59	2,807.02	656.48	56.00	32.00	3,551.51
31	Matthews, Larry	54,452.77	3,376.07	789.57	56.00	32.00	4,253.64
32	Hughes, Jane B.	50,145.42	3,109.02	727.11	56.00	32.00	3,924.12
33	Lee, Ronald	44,123.23	2,735.64	639.79	56.00	32.00	3,463.43
34	Vaughn, Diana	40,056.77	2,483.52	580.82	56.00	32.00	3,152.34
35	Melton, Brenda	42,667.80	2,645.40	618.68	56.00	32.00	3,352.09
36	Tawater, Melanie	44,625.60	2,766.79	647.07	56.00	32.00	3,501.86
37	Wortham, Deborah	40,345.01	2,501.39	585.00	56.00	32.00	3,174.39
38	Collins, Steven	43,569.16	2,701.29	631.75	56.00	32.00	3,421.04
39	Eady, R. Glenn	44,865.53	2,781.66	650.55	56.00	32.00	3,520.21
40	Harvey, Robbie	41,480.03	2,571.76	601.46	56.00	32.00	3,261.22
41	Davis, Bennie	42,667.80	2,645.40	618.68	56.00	32.00	3,352.09
42	Keith, Van	44,184.77	2,739.46	640.68	56.00	32.00	3,468.13
43	Tucker, Shirley	41,440.35	2,569.30	600.89	56.00	32.00	3,258.19
44	Camp, Debbie	47,966.44	2,973.92	695.51	56.00	32.00	3,757.43
45	Harris, Edward	49,102.23	3,044.34	711.98	56.00	32.00	3,844.32
46	Betty, Steven	50,322.30	3,119.98	729.67	56.00	32.00	3,937.66
47	Vaughn, Freddie	48,540.40	3,009.51	703.84	56.00	32.00	3,801.34
48	Martin, Tolly	49,749.97	3,084.50	721.37	56.00	32.00	3,893.87

TENNESSEE AMERICAN WATER COMPANY  
 DOCKET NO. 04-00288  
 PAYROLL TAXES - UNION EMPLOYEES  
 ATTRITION YEAR 1/01/05 - 12/31/05

T-OTAX4

\* \$80,400 WAGE BASE  
 \*\* NO WAGE BASE  
 \*\*\* \$7,000 WAGE BASE  
 \*\*\*\* \$8,000 WAGE BASE

EMP #	EMP NAME	ATTRITION PERIOD PAY	FICA *	MEDICARE **	FUTA ***	SUTA ****	TOTAL PAYROLL TAXES
			6.20%	1.45%	0.80%	0.40%	
49	Scruggs, Arthur L	45,822.56	2,841.00	664.43	56.00	32.00	3,593.43
50	Derryberry, Jack	49,253.61	3,053.72	714.18	56.00	32.00	3,855.90
51	Robinson, Gregory	44,406.53	2,753.21	643.89	56.00	32.00	3,485.10
52	Crutchfield, Patrick	43,746.91	2,712.31	634.33	56.00	32.00	3,434.64
53	Portwood, Travis	43,471.09	2,695.21	630.33	56.00	32.00	3,413.54
54	Hughes, Kendall	47,460.25	2,942.54	688.17	56.00	32.00	3,718.71
55	Walker, Melvin B	42,582.34	2,640.11	617.44	56.00	32.00	3,345.55
56	Stephens, Ricky	44,289.36	2,745.94	642.20	56.00	32.00	3,476.14
57	Crane, Scott	43,762.24	2,713.26	634.55	56.00	32.00	3,435.81
58	Satterfield, Donet	44,077.94	2,732.83	639.13	56.00	32.00	3,459.96
59	Kelley, Myra	44,203.12	2,740.59	640.95	56.00	32.00	3,469.54
60	Taylor, Morris	50,261.35	3,116.20	728.79	56.00	32.00	3,932.99
61	Autry, Freddie	44,044.18	2,730.74	638.64	56.00	32.00	3,457.38
62	Williams, Fay	44,074.81	2,732.64	639.08	56.00	32.00	3,459.72
63	Steed, Cynthia	44,193.73	2,740.01	640.81	56.00	32.00	3,468.82
64	Johnson, Edward	43,797.07	2,715.42	635.06	56.00	32.00	3,438.48
65	Borders, Stephen A	44,969.71	2,788.12	652.06	56.00	32.00	3,528.18
66	Blevins, Marvin R	49,049.79	3,041.09	711.22	56.00	32.00	3,840.31
67	Hays, Chris L.	50,228.66	3,114.18	728.32	56.00	32.00	3,930.49
68	Bowling, Stanley E.	44,074.83	2,732.64	639.09	56.00	32.00	3,459.72
69	Grace, Renee R.	43,410.61	2,691.46	629.45	56.00	32.00	3,408.91
70	Hughes, James T.	45,723.50	2,834.86	662.99	56.00	32.00	3,585.85
71	Stanley, Ralph	45,173.00	2,800.73	655.01	56.00	32.00	3,543.73
72	Butcher, Judith	39,884.66	2,472.85	578.33	56.00	32.00	3,139.18

TENNESSEE AMERICAN WATER COMPANY  
 DOCKET NO. 04-00288  
 PAYROLL TAXES - UNION EMPLOYEES  
 ATTRITION YEAR 1/01/05 - 12/31/05

T-OTAX4

EMP #	EMP NAME	A/ ATTRITION PERIOD PAY	* \$80,400 WAGE BASE				*** \$7,000 WAGE BASE		TOTAL PAYROLL TAXES
			** NO WAGE BASE	FICA *	MEDICARE **	FUTA ***	SUTA ****		
				6.20%	1.45%	0.80%	0.40%		
73	Hutsell, Charlotte	42,774.85	2,652.04	620.24	56.00	32.00	3,360.28		
74	Shadrick, Mark	52,984.65	3,285.05	768.28	56.00	32.00	4,141.33		
	TOTAL	3,366,897.74	208,747.66	48,820.02	4,144.00	2,368.00	264,079.68		

A/ CAPD WORKPAPER PAY-1.

TENNESSEE AMERICAN WATER COMPANY

DOCKET NO. 04-00288

PAYROLL TAXES - NON-UNION HOURLY EMPLOYEES

ATTRITION YEAR 1/01/05 - 12/31/05

T-OTAX5

\*\*\* \$7,000 WAGE BASE  
\*\*\*\* \$8,000 WAGE BASE

EMP #	EMP NAME	A/ ATTRITION PERIOD PAY	FICA 6.20%	MEDICARE 1 45%	FUTA *** 0 80%	SUTA **** 0 40%	TOTAL PAYROLL TAXES
1	Griffith, Vicki	0.00 42,428 67 0 00	0 00 2,630.58 0 00	0 00 615.22 0.00	0 00 56 00 0.00	0 32 0	0 00 3,333.79 0 00
		42,429	2,631	615	56	32	3,334

A/ CAPD WORKPAPER PAY-2

## T-OTAX6

A/ CAPD WORKPAPER PAY-3

**MONTHLY REPORT OF REVENUES, EXPENSES AND INVESTMENTS  
WATER COMPANIES**

PSC--3 06

Company Name Tennessee-American Water Co  
Month of Report September 2004

(a)	Amount for this Month		Year-To-Date		12 Months-To-Date	
	This Year (b)	Last Year (c)	This Year (d)	Last Year (e)	This Year (f)	Last Year (g)
<b>Operating Revenues</b>						
1 Residential Sales	1,079,209	1,217,798	9,375,784	8,697,327	12,787,194	11,558,479
2 Commercial Sales	717,799	936,184	6,974,662	6,629,002	9,573,318	8,771,797
3 Industrial Sales	305,011	301,536	2,256,910	2,379,350	3,166,669	3,115,288
4 Other Sales	650,324	703,412	5,044,706	4,245,721	6,715,243	5,594,584
5 Total Operating Revenues (Item 1-4)	2,752,343	3,158,930	23,652,062	21,951,400	32,242,424	29,040,148
<b>Operating Expenses</b>						
6 Source of Supply Expense	1,678	3,213	146,138	9,310	153,583	15,536
7 Pumping and Water Treatment Expense	311,427	401,252	2,982,905	2,837,161	4,102,413	3,826,062
8 Transmission and Distribution-Operation	51,081	115,877	473,756	953,502	644,400	1,274,361
9 Transmission and Distribution-Maintenance	81,760	123,182	797,079	994,398	1,059,091	1,350,403
10 Customer Accounts and Sales Expense	156,127	115,045	1,114,104	1,097,949	1,337,801	1,431,213
11 Administrative and General Expense	633,382	747,138	6,853,471	5,671,520	8,772,749	7,265,834
12 Depreciation and Amortization	277,110	312,089	2,915,850	2,736,020	4,091,834	3,688,479
13 Taxes Other Than Income Taxes	296,971	308,908	2,661,649	2,712,887	3,613,417	3,614,568
14 Income Taxes	294,472	365,912	1,569,421	1,386,909	2,539,139	1,822,124
15 Total Operating Expenses (Item 6-14)	2,104,008	2,492,616	19,514,373	18,399,656	26,314,427	24,288,580
16 Net Operating Income (Item 5 less 15)	648,335	666,314	4,137,689	3,551,744	5,927,997	4,751,568
17 Other Income	(1,912)	5,257	(58,404)	(1,772)	43,409	2,823
18 Miscellaneous Income Deductions	6,168	8,374	(10,178)	24,084	39,274	43,153
19 Interest Charges	245,604	171,813	2,022,015	1,790,253	2,586,432	2,471,332
20 Net Income	394,651	491,384	2,067,448	1,735,635	3,345,700	2,239,906
	Balance at End of Month		Aver for 12 Mo -To-Date			
	This Year (h)	Last Year (i)	This Year (j)	Last Year (k)		
21 Utility Plant In Service (1)	153,895,512	145,626,931	151,746,812	144,659,809		
22 Construction Work in Progress	4,556,116	5,521,954	3,941,576	3,871,319		
23 Utility Plant Acquisition Adjustment	0	0	0	0		
24 Property Held for Future Use	0	0	0	0		
25 Accumulated Depreciation and Amort (1)	48,140,828	44,398,424	46,571,036	42,991,656		
26 Materials and Supplies	406,561	350,905	382,241	366,480		
27 Unamortized Investment Credit	1,364,463	1,440,831	1,405,829	1,475,833		
28 Deferred Income Tax	13,988,302	10,885,677	13,215,977	10,610,677		
29 Contributions in Aid of Construction	6,068,443	5,582,201	5,999,010	5,434,062		
30 Customer Advances for Construction	3,413,080	2,765,380	3,094,290	2,686,865		
31 Preferred Stock	1,399,600	1,435,000	1,422,156	1,456,907		
32 Common Stock	13,754,235	13,754,235	13,754,235	13,754,235		
33 Premium on Capital Stock and Other Capital	4,788,768	4,783,398	4,785,188	4,782,438		
34 Retained Earnings	19,130,023	18,069,212	18,511,038	17,681,648		
35 Long Term Debt (1)	43,306,347	24,387,257	35,422,006	30,420,303		

(1) Includes Capital Lease

## SUPPLEMENTAL FINANCIAL DATA TO PSC-3 06

FOR THE MONTH ENDED SEPTEMBER 2004

Line #		Average Monthly Balance	Average for 12 MTD
1	Additions		
2	Plant in Service	\$151,046,859	\$150,156,354
3	Plant Under Construction	4,085,419	3,941,576
4	Property Held For Future Use	0	0
5	Materials and Supplies	391,638	382,241
6	Other Additions		
7	Leased Utility Plant	1,590,444	1,590,458
8	Unamortized Painting - net	9,622	10,120
9	Working Capital C/	1,567,918	1,567,918
10			
11	Total Additions	158,691,900	157,648,667
12			
13			
14	Deductions		
15	Accumulated Depreciation and Amortization	47,083,258	46,571,037
16	Accumulated Deferred Income Taxes	13,487,010	13,215,977
17	Unamortized Investment Credit - Pre 1971	48,829	49,216
18	Customer Deposits	0	0
19	Other Deductions		
20	Contributions in Aid of Construction	6,032,301	5,999,010
21	Customer Advances for Construction	3,213,345	3,094,290
22	All Other A/	(425,026)	(363,044)
23			
24			
25			
26	Total Deductions	69,439,717	68,566,486
27			
28	Rate Base	\$89,252,183	\$89,082,181
29			
30	Net Operating Income	\$648,335	\$5,927,997
31	Adjustments to NOI		
32	Allowance for funds used during construction	12,673	131,621
33	Adjustment to reflect effective federal		
34	Income tax rate (debt assigned to parent)	10,126	121,158
35	Interest on customer deposits	0	0
36			
37			
38			
39	Adjusted Net Operating Income	\$671,134	\$6,180,776
40			
41			
42	Rate of return B/	9.02%	6.94%

A/ All Other

Acquisition adjustment	\$0	\$0
Accounts payable applicable to CWIP	30,850	53,825
Unpaid for materials and supplies	54,680	50,084
Taxes on CIAC-DEF FIT & SIT	(510,556)	(466,953)
	(\$425,026)	(\$363,044)

B/ Rate of return - Monthly (L25 / L18) x 12

C/ Per order

Cash working capital Lead Lag Study	\$525,000
Incidental collection	(1,981,081)
Average cash	366,929
Other components	2,657,070
Working cash	\$1,567,918

October 29, 2004

**CONTINUING SURVEILLANCE CONSIDERATIONS – September 2004** Estimate the effect on annual net operating income of very significant known changes occurring within the period covered by the report, which are not fully reflected in the revenue and expense amounts shown in the report.

Employee wage increases	(\$33,417)
(including associated insurance & taxes)	



**WATER METERS IN SERVICE AT THE END OF THE PERIOD - 09/04**

Meter Size (a)	Residential (b)	Commercial (c)	Industrial (d)	Other (e)	Total (f)
36. 5/8"	61,728	5,524	24	178	67,454
37. 3/4"	113	111	3	11	238
38. 1"	260	1,329	29	139	1,757
39. 1 1/2"	20	306	6	65	397
40. 2"	18	1,011	91	280	1,400
41. 3"		43		5	48
42. 4"&Over		30	30	35	95
43. Totals	62,139	8,354	183	713	71,389

**INSTRUCTIONS**

1. This report is required of all water companies which had operating revenues for the proceeding year in excess of \$1,500,000 as provided in the Commission's rules Prepare on a typewriter and file within 60 days after the end of the month covered by the report Show amounts adjusted to the nearest dollar.
2. If any amount for the current month differs materially from that for the previous month or the same month a year ago and the difference is not self-explanatory, annotate the amount and explain the occasioning facts under "Remarks".
3. List the type and number of other customers in the water meters in service section under "Remarks".

**REMARKS**

N/A

I certify that to the best of my knowledge and belief this is a true and correct report:

Date 12-1, 20 04

(Signed)

M. Hull

Title and Address:

Director - Rates & Revenues  
1101 Broad Street, P O Box 6338  
Chattanooga, TN 37401

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKET NO. UT-950200
	)	
Complainant,	)	FIFTEENTH SUPPLEMENTAL
	)	ORDER
v.	)	
	)	COMMISSION DECISION
U S WEST COMMUNICATIONS, INC.,	)	AND ORDER REJECTING
	)	TARIFF REVISIONS;
Respondent.	)	REQUIRING REILING
..... )	)	

**BACKGROUND:** On February 17, 1995, U S WEST Communications, Inc. (USWC or Company) in Docket No. UT-950200 filed with the Commission certain tariff revisions designed to effect statewide a general rate increase of \$204,613,922 over four years in its provision of intrastate telecommunications services. By order dated March 8, 1995, the Commission suspended the effective date of the tariff revisions pending investigation and hearing as to whether the proposed rates are fair, just, reasonable, and sufficient. The Company requested and received an extension of time to permit negotiations among parties and it waived the suspension date for a further two weeks to accommodate the hearing schedule.

**COMMISSION:** The Commission rejects the Company's request for increased rates and charges, and directs it to file tariffs to effect a decrease in rates of \$91.5 million, which is approximately 9.8% of the Company's affected revenues.

2. Compensated Absence Adjustment, RSA-12

The Compensated Absence adjustment has to do with paid leave, such as sick leave. The Company books estimated figures monthly, then makes true-up adjustments to make the test year accurate. In this adjustment, the Company proposes to adjust the test year expense to the actual amount incurred during that year. Commission Staff contests the adjustment, contending that it is selective and to the ratepayers' detriment. Commission Staff argues that the monthly accrual amounts represent a more appropriate "going forward" amount. Staff adjusts test year expense to this level.

Here, the Commission accepts Ms. Wright's representation that the true-up adjustments are accurate, and accepts the test year employment level as sufficient for regulatory purposes. The Commission accepts this Company-proposed adjustment, which reduces NOI by \$390,000.

3. Team and Merit Awards/TPA, RSA-13

a. Team Awards

During the test period, the Company awarded employee bonuses called Team Performance Awards based on Company performance. The total award was based on customer service measures; quality indicators; Company net income; and business units. During 1994, no payment was made for the service quality component. The Company, through Ms. Wright, proposes adjustment RSA-13 to restate this expense to the level paid for the test period.

Commission Staff proposes to disallow the team and merit awards. Ms. Erdahl's presentation makes it clear that a portion of the awards were accrued for customer service and quality indicators (Ex. 670); Commission Staff witness Beaton proposes that these amounts should be disallowed. The remaining \$5.9 million allocated to Washington intrastate operations are awarded based on USWC net income and business unit results (see Ex. 662, p. 25). Ms. Erdahl states that these awards, based on USWC results, do not benefit the Washington ratepayer.

Commission Staff argues that the Company has not demonstrated that the events that raise net income benefit the ratepayers. Commission Staff states that net income and customer service are often at cross-purposes with each other, and point to their contention that service quality is deteriorating.

The Company contends that the disallowance should be rejected because it is contrary to the evidence; contrary to well-established precedent; and contrary to sound compensation practices. USWC witness Paul Gobat contended that the Team and Merit awards are an integral and significant portion of management wages for USWC. He states that USWC compensation is reasonable -- in fact, lower than the market average. He states that awards based

on net income are beneficial to ratepayers, and that 50% of the scheduled awards were based on quality indicators and customer service. Ms. Wright also addresses this issue and presents a sample of how the team awards are granted. She states that goals related to net income are beneficial to ratepayers because the increase in net income is created by employees working to reduce costs, and reduced costs result in reduced need to increase rates.

The Commission finds that the team and merit awards have not been shown to benefit the ratepayer, and accepts the Staff-proposed adjustment. As the Company notes, award programs have been accepted as proper expenses for ratemaking purposes by this and other public utility commissions. This Commission has observed that management should have the flexibility to reward good performance and productivity increases<sup>28</sup> and has accepted a program that it observed was not perfect.<sup>29</sup> In the latter proceeding, however, the Commission gave a clear message as to its view of the purpose and structure of an allowable plan:<sup>30</sup>

The Commission does agree with Staff that some of the (Washington Natural Gas Company) incentives fall short in terms of sending employees the message that the purpose of the program is to encourage improved service. The Commission believes, however, that the Company can do a far better job in the future of creating incentives and setting goals that advantage ratepayers as well as shareholders. Such goals might include controlling costs, promoting energy efficiency, providing good customer service, and promoting safety. Plans which do not tie payments to goals that clearly and directly benefit ratepayers will face disallowance in future proceedings. (Emphasis added.)

In the USWC plan, only a portion of the incentives were directly tied to service or service-related elements. The service goals were not met and that portion was not distributed. The income-related portion, however, was met and exceeded. What is particularly objectionable about this plan is not only that the financial incentives were independent of the service incentives, but the program was constructed so that, if the Company exceeded the stated financial goals by only 8%, employees could "replace" all of the bonus that they would "lose" for failure to achieve customer service goals (Ex. 189, fourth and twelfth pages).

As the Commission noted in the Washington Natural Gas order cited above, there is a potential tension between service quality and earnings. A firm can concentrate on financial elements so heavily that it can lose sight of the importance of providing customer service. In a

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<sup>28</sup> WUTC v. Pacific Power & Light Co., Cause No. U-86-02 (1986).

<sup>29</sup> WUTC v. Washington Natural Gas Co., Docket No. UG-920840, 4th Supp. Order (1993)

<sup>30</sup> Id., page 19.

public utility service, where many customers have no reasonably substitutable alternatives, the Commission must substitute for the competitive market in assuring that customer service remains a priority to the business. Financial goals are at best a very crude way to measure specific efficiencies that employees can accomplish.

The Commission finds that the Company's team award plan is not acceptable because, with a structure allowing financial rewards to eclipse customer service failures, it sends the message to employees that service quality is much less important than financial performance. This provides motivation to choose cost saving measures that unduly compromise service quality. The Company plan fails to tie payments to goals that clearly and directly benefit ratepayers. The Company's service quality clearly failed to meet acceptable standards during the test period, as discussed above, while the Company exceeded its financial goals. Whether or not the structure of team awards contributed to this circumstance, it is certainly consistent with the circumstance.

Problems with the plan could be corrected in many ways, including the payment of financial performance awards only after service quality goals are met; tying the amount of awards for other indices to service quality performance; or tying financial-based awards not to the bottom line but to objective employee performance that promotes both efficiencies and customer service. For this proceeding, the Commission accepts the Commission Staff adjustment

b. "Merit" Awards

Commission Staff's proposed adjustment also would disallow merit awards granted to individual employees.

Merit awards to individual employees, which are clearly based on the evaluation of employee performance upon appropriate standards, should not ordinarily be second-guessed or micromanaged by a regulator. The use of merit awards and the fairness of their distribution are matters for the Company to decide and for which it will ordinarily reap the positive and the negative consequences. Here, however, Commission Staff calls into question the standards by which the awards are granted

The Company presented little evidence about those standards, and there may be inconsistencies within that evidence. Commission Staff notes that Ex. 221 defines merit awards using the same criteria as are used to define the team awards in Ex. 189. Ex. 190 does not distinguish between criteria for the two. Ex. 189 states at page 2 that a portion of the team performance award constitutes "discretionary payouts for individual employees" and the segment entitled "salary adjustments" at page 4 of the attachment to Ex. 189 is the fourth page of a Team Performance Award brochure for employees. The information we have of record, therefore, indicates that the criteria for merit awards are the same as the criteria for the team awards -- or that "merit" awards are a portion of the Team Performance Awards and thus entirely dependent

upon the criteria we have identified as faulty. Because we have disallowed team awards for the use of improper standards, we accept the Commission Staff adjustment and disallow merit awards on the same basis.

The effect of the team and merit awards adjustment is to increase NOI by \$6,384,966.

4. Benefit Expense, RSA-14

This Company-proposed adjustment restates test year expense levels for true-ups made in November and December, 1994. Commission Staff opposes the adjustment, contending that test year capitalization is not representative. Staff also objects to the Company's restatement of rate base in this adjustment because, Staff contends, it is inappropriate to pro forma rate base. Because we have accepted the Company's capitalization adjustment, and because the two are related and rise or fall on the same analysis, we accept the Company's adjustment here. We also accept the rate base portion of the adjustment, noting that the adjustment is restating and not pro forma.

5. Other Post Employment Benefits (OPEB), RMA-8

This Company-proposed adjustment restates test year OPEB expenses to reflect this Commission's prior adoption of accrual accounting during 1988 and 1989. The Company's expense level is based on the amortization of the transition benefit obligation over 17.3 years based upon the recommendation of the Company's actuary. Mr. Twitchell for Commission Staff proposes to extend the term of the amortization to 20 years. He contends that the 20-year period is consistent with SFAS 106. Staff also suggests that because of the early retirements during restructuring, the working lives of remaining employees will be longer, and calendar 1994 figures are more representative of post-period employment.

The Commission accepts the Company proposal. Although the Commission Staff concerns may have merit, the Company has presented sufficient evidence of record to support its adjustment and the Commission Staff proposal lacks sufficient specific evidence to support it. The adjustment increases NOI by \$97,331 and decreases rate base by \$7,036,298.

H. Regulatory Fee RSA-17-9; SA-9

The Commission Staff proposes Adjustment SA-9 to pro forma the Company's regulatory fee to the rate case level and the current regulatory fee rate. The Company challenges the Staff proposal, contending that Commission Staff proposes selective true-ups and that the monthly accruals were reasonable when booked. On rebuttal, the Company does propose a small adjustment to correct test year posting errors.

The Commission accepts the Commission Staff proposed pro forma adjustment.